The Joyless Economy

Critical Review

An Interdisciplinary Journal *of* Politics *and* Society

Rethinking Rationality and Happiness — **Amartya Sen**

What's Wrong with Consumer Capitalism — **Juliet Schor**

The Diminishing Utility of Economic Growth — **Ronald Inglehart**

Between the Public and the Private — **Albert O. Hirschman**

Tibor Scitovsky's Psychological Theory — **Michael Benedikt**

A Reply to My Interlocutors — **Tibor Scitovsky**

Does the Minimum Wage Increase Employment? — **Glen Whitman**

Vol. 10 No. 4 $7.25 | Canada $10.50

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SUBMISSIONS

CRITICAL REVIEW is an interdisciplinary quarterly that devotes special attention to understanding the nature, politics, and history of modern states and societies, especially to help evaluate their effects on human well-being. Articles are confined to theoretical and historical issues, eschewing policy advocacy or criticism of proposed policies.

Format. Submit contributions not under consideration elsewhere *in quadruplicate*, typed in *double spacing throughout* (including notes, references, and abstract), on 8 1/2 × 11" or A4 paper with wide margins. After final acceptance of an article, authors will be asked to submit both a hard copy and, if possible, a computer disk. All submissions except replies to previous articles, including review essays and solicited papers, may be subject to anonymous peer review; therefore, no identification of the author should occur in text or notes. Number the top of each page. Submissions should be titled and should include descriptive section headings rather than numbered section divisions. A less than 100-word-long double-spaced *abstract*, summarizing the argument of the paper in detail, should begin each submission (including review essays). A separate page should contain a brief *biographical note* for publication, including (in the following order) the author's mailing address, phone and fax numbers, position and institutional affiliation (if the latter is not included in mailing address), titles, publishers, and years of publication of recent books by the author, and acknowledgements (if any). In addition, please (1) use underlining, not italics or bold face, for emphasis; (2) strive for gender-neutral language; (3) use ragged right margins rather than right-justifying; and (4) supply a word count.

In the text of review essays, the first reference to a book being reviewed should include the publisher, city, and year of publication in parentheses; subsequent page references should include page numbers only, rather than reiterating the book's author, unless more than one book is under review.

Length. 5000 words (@ 20 TS pp.) is usually the minimum required to explore a topic in appropriate depth. *We can accommodate much longer manuscripts, but cet. par., shorter is better.*

Citation system. Beginning with volume 9, CRITICAL REVIEW has adopted, with some modifications, the style set forth in the *American Political Science Association Style Manual for Political Science*. Both the *Manual* and a list of our modifications are available from our Business Office on request. APSA style replaces end note citations with in-text, parenthetical citations (the "author-date" citation system described in the *Chicago Manual of Style*). Explanatory notes, however, should be in the form of end notes.

Unsolicited manuscripts should be sent to: Editorial Office, CRITICAL REVIEW, Yale Stn. Box 205416, New Haven, CT 06520, USA. **For more information click on *Critical Review* at www.sevenbridgespress.com**

SUBSCRIPTIONS

Payment for subscriptions should be made by Visa or MasterCard (include account number and expiration date) or check or money order in U.S. dollars drawn on a U.S. bank.

Subscriptions, back issue orders, advertisements, and customer service inquiries should be sent to: Business Office, CRITICAL REVIEW, P.O. Box 1254, Dept. 130, Danbury, CT 06813. Phone (203) 794–1312, fax (203) 794–1007, e-mail critrev@aol.com

INDIVIDUAL SUBSCRIPTIONS:

$15 per year for students (any country) with copy of current ID
$29 one year (4 issues), $54 two years (8 issues) within the United States
$35 one year, $66 two years outside the United States via surface mail
$50 one year, $96 two years outside the United States via air mail

INSTITUTIONAL/LIBRARY SUBSCRIPTIONS:

$54 per year within the United States
$62 per year outside the United States via surface mail
$77 per year outside the United States via air mail

CRITICAL REVIEW, An Interdisciplinary Journal of Politics and Society, ISSN 0891–3811, CODEN CTRVE3, is published quarterly by the Critical Review Foundation. Indexed and abstracted in *Book Review Index, Current Contents/Social & Behavioral Sciences, Economic Literature Index* on DIALOG, *EconLit* on CD-ROM, *Index to Book Reviews in the Humanities, International Bibliography of Book Reviews, International Bibliography of Periodical Literature, International Bibliography of the Social Sciences, International Political Science Abstracts, The Left Index, Periodica Islamica, The Philosopher's Index, Political Science Abstracts, Public Affairs Information Service (PAIS), Research Alert, Sage Human Resources Abstracts, Sage Public Administration Abstracts, Social Sciences Citation Index (SSCI), Sociological Abstracts,* UNESCO DARE Databank of Social Sciences Periodicals on UNESCO CD-ROM and ECHO, and *United States Political Science Documents.* Printed on acid-free paper. Available on microform from UMI, (800) 521-0600, or in reprint form from UMI, (800) 248-0360. Member, Council of Editors of Learned Journals. **Printed in USA.**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Vol. 10 No. 4 Fall 1996

Contents

SPECIAL ISSUE ON TIBOR SCITOVSKY'S
THE JOYLESS ECONOMY AFTER TWENTY YEARS

Introduction

471 Preferences or Happiness? Tibor Scitovsky's Psychology of Human Needs — JEFFREY FRIEDMAN, ADAM MCCABE

Symposium

481 Rationalism, Joy and Freedom — AMARTYA SEN

495 What's Wrong with Consumer Capitalism? *The Joyless Economy* after Twenty Years — JULIET SCHOR

509 The Diminishing Utility of Economic Growth: From Maximizing Security toward Maximizing Subjective Well-Being — RONALD INGLEHART

533 Melding the Public and Private Spheres: Taking Commensality Seriously — ALBERT O. HIRSCHMAN

551 Complexity, Value, and the Psychological Postulates of Economics — MICHAEL BENEDIKT

595 My Own Criticism of *The Joyless Economy* — TIBOR SCITOVSKY

Review Essay

607 Myth, Measurement, and the Minimum Wage: Sound and Fury Signifying What? — GLEN WHITMAN

621 **Index to Volume 10 (1996)**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Critical*Review*

EDITOR
Jeffrey Friedman, *Yale University*

RESEARCH ASSISTANT
Adam McCabe,
New School for Social Research

PUBLISHER
Critical Review Foundation
Richard Cornuelle, *President*

BUSINESS MANAGER
Dawn Herron

WEBMASTER
Brian J. Taylor
bjtaylor@interport.net

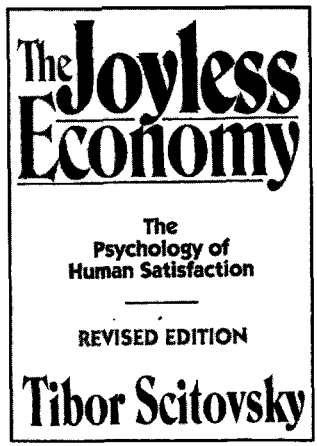
BOARD OF ADVISORS
Dennis Auerbach, *Georgetown University*
Shlomo Avineri, *Hebrew University of Jerusalem*
Ronald Beiner, *University of Toronto*
David T. Beito, *University of Alabama*
Peter J. Boettke, *New York University*
James M. Buchanan, *George Mason University*
Tyler Cowen, *George Mason University*
Stephen Cox, *University of California, San Diego*
Gus diZerega, *University of California, Berkeley*
John Dunn, *University of Cambridge*
Richard Epstein, *University of Chicago*
Roger W. Garrison, *Auburn University*
John Gray, *University of Oxford*
Liah Greenfeld, *Boston University*
Robert Hefner, *Boston University*
Albert O. Hirschman, *Institute for Advanced Study*
Steven Horwitz, *St. Lawrence University*
Israel M. Kirzner, *New York University*
Leszek Kolakowski, *University of Oxford*
Robert E. Lane, *Yale University*
Don Lavoie, *George Mason University*
Seymour Martin Lipset, *George Mason University*
Steven Lukes, *University of Siena*
Stephen Macedo, *Syracuse University*
A. R. Maryanski, *University of California, Riverside*
Deirdre N. McCloskey, *Erasmus University*
Sheilagh C. Ogilvie, *University of Cambridge*
Mancur Olson, *University of Maryland*
J.O. de Meira Penna, *University of Brasilia*
David L. Prychitko, *State University of New York*
Earl C. Ravenal, *Georgetown University*
Mario J. Rizzo, *New York University*
Paul Rosenberg, *University of Cambridge*
Chris Sciabarra, *New York University*
Amartya Sen, *Harvard University*
David Ramsay Steele, *University of Hull*
Thomas Szasz, *State University of New York*
Andrzej Walicki, *University of Notre Dame*
Lawrence H. White, *University of Georgia*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"A brilliant contribution to welfare economics."
—*The Economist*

"Stimulating and imaginative."
—*The New Statesman*

When this classic work was first published in 1976, its central tenet—more is not necessarily better—placed it in direct conflict with mainstream thought in economics. Within a few years, however, this apparently paradoxical claim was rapidly gaining acceptance. Scitovsky's ground-breaking book was the first to apply theories of behaviorist psychology to questions of consumer behavior and to do so in clear, non-technical language. Setting out to analyze the failures of our consumerist lifestyle, Scitovsky concluded that our need for stimulation is so vital that it can lead to violence if not satisfied by novelty—whether in challenging work, art, fashion, gadgets, late-model cars, or scandal. Scitovsky's study indeed holds up as a record of American post-war prosperity and its accompanying problems, and this revised edition also takes into account recent social and economic changes. A new preface and a foreword by economist Robert Frank introduce some of the issues created by these changes, and two revised chapters carefully develop them. One important new theme discussed in this edition is the assimilation of countercultural ideas throughout American society, especially quality of life notions. As topical today as it was twenty years ago, *The Joyless Economy* draws fascinating connections between the new elite of college-educated consumers and the emergence of a growing underclass plagued by drugs and violence, perceptively tracing the reactions of these disparate groups to the problems of leisure and boredom.



1992 352 pp. paper **$10.95** cloth **$38.00**

The Joyless Economy

The Psychology of Human Satisfaction

Revised Edition

TIBOR SCITOVSKY

Prices are subject to change and apply only in the US. To order, please call 1-800-451-7556 and mention Promotion Code I597. For shipping and handling, add $3.50 for the first book and $1.00 for each subsequent book. In Canada, call 1-800-387-8020. HTTP//WWW.OUP-USA.ORG

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ISLAND PRESS

THE CONSUMER SOCIETY
Edited by Neva R. Goodwin, Frank Ackerman, and David Kiron
Forward by John Kenneth Galbraith

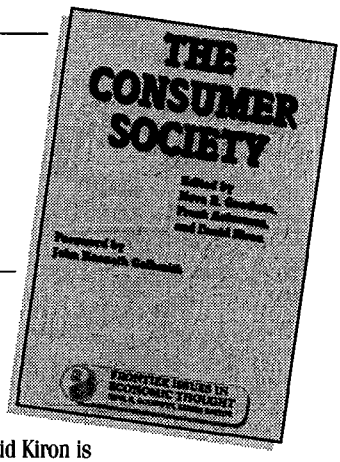
"This is a work of breadth, depth, and diversity, displaying a strong sense of social responsibility. For all concerned with the urgent questions of modern economic life, this volume is to be read, admired, and, I trust, made a source of strong comment and national and international motivation."
— from the Foreward

"Activists and academics alike will welcome this comprehensive resource on the peculiar– and destructive – emergence of consumerism as a core value and activity."
— Vicky Robin, New Roadmap Foundation

"There is no better place to start one's study of the consumer world around us than THE CONSUMER SOCIETY... It is a comprehensive, easy-to-read, up-to-date survey of the critical literature. There is nothing like it."
— Professor Juliet Schor, author of THE OVERWORKED AMERICAN

THE CONSUMER SOCIETY provides brief summaries of the most important and influential writings on the environmental, moral, and social implications of a consumer society and consumer lifestyles. Each section consists of ten to twelve summaries of critical writings in a specific area, with an introductory essay that outlines the state of knowledge in that area and indicates where further research is needed. Topics considered include:

- Consumption in the Affluent Society
- Consumption and the Environment
- Family, Gender, and Socialization
- Globalization and Consumer Culture
- The History of Consumerism
- Visions of an Alternative
- Economic Theories of Consumption
- Media, Advertising, and Wants Creation



This book is the second volume in the Frontiers in Economic Thought series. Also available in the series: A SURVEY OF ECOLOGICAL ECONOMICS.

Neva R. Goodwin is co-director, Frank Ackerman is senior research associate, and David Kiron is research associate at the Global Development And Environment Institute at Tufts University.

6x9 • 384 pages • tables, figures, index • 1996
Cloth: $49.95s ISBN: 1-55963-485-5 • Paper: $24.95s ISBN: 1-55963-486-3
Economics

Island Press • Box 7, Dept. 4CR, Covelo, CA 95428
Available in bookstores or call 1-800-828-1302
(707) 983-6432 (outside of the continental U.S.) (707) 983-6414 (fax)
http://www.islandpress.com

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Jeffrey Friedman and Adam McCabe

PREFERENCES OR HAPPINESS? TIBOR SCITOVSKY'S PSYCHOLOGY OF HUMAN NEEDS

Tibor Scitovsky's *The Joyless Economy*, first published in 1976, created only a small ripple of excitement.[1] It deserved better. With rigor and originality, Scitovsky managed to throw doubt onto the most important category of economic thought: the individual's "preferences." And this had ramifications far beyond economics. To doubt the value of individual preferences is to question not only the utility of wealth, but that of individual freedom.

Thus, *The Joyless Economy* was as much a challenge to the premises of modern politics as to those of the modern economy. It should have gotten a hearing from political philosophers as well as economists. To commemorate the twentieth anniversary of its appearance, we now present a symposium on *The Joyless Economy* in the hope that it might stimulate long-overdue discussion and reflection about the book's economic and political, as well as its cultural, philosophical, psychological, and educational implications.

Scitovsky's chief question was whether consumer capitalism makes people happy; his answer was largely negative. Radicals might have been expected to be pleased with this outcome, but as Amartya Sen notes below, Scitovsky's argument was not much better received on the left than on the right. *The Joyless Economy* was a revolutionary book, but that was the problem with it. It was

---

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

The authors thank Tibor Scitovsky for comments on previous drafts.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

equidistant from both the "conservatism" of economics and the "radicalism" of most opponents of *Homo economicus*. For Scitovsky found fault with the exercise of individual economic choice even when it is *not* impeded by the constraints on individual freedom that concern the left. In attempting to end destitution, exploitation, the manipulation of desire, and alienation from our social nature, the left seeks a goal that is not so very different from that of the (libertarian) right: removing constraints on the achievement of our freely chosen ends. Against this shared preoccupation with liberty, *The Joyless Economy* suggested that our freely chosen ends may be the very source of our unhappiness. Scitovsky (1976, 4) wrote:

> We gradually dismantled the Laws of God and came to believe in man as the final arbiter of what is best for him. That was a bold idea and a proud assumption, but it set back for generations all scientific inquiry into consumer behavior, for it seemed to rule out—as a logical impossibility—any conflict between what man chooses to get and what will best satisfy him.

In challenging as "unscientific" the economist's assumption that individual choice reflects the pursuit of rational self-interest (ibid., viii), Scitovsky also challenged the central tenet of modern liberalism—of both the left- and right-wing varieties.

Drawing on research in physiological psychology (explored in detail in Michael Benedikt's contribution to the symposium), Scitovsky began with the familiar human tendency to avoid discomfort and seek pleasure; but he challenged the notion that these tendencies are merely two sides of the same utilitarian continuum. In Scitovsky's view, there are *two* sources of displeasure: not only too much stimulus—pain; but too little—boredom. Therefore, there are two wellsprings of pleasure: the reduction of stimulus that is above its optimal level, and its increase from suboptimal levels.

Affluent societies have, in Scitovsky's view, produced widespread *comfort* by reducing the sources of pain for most of their members; and by making available the food, shelter, clothing, medicine, and other resources that can be used to counteract the pain that persists. But *pleasure* stemming from the achievement of comfort is short lived. By lowering the level of stimulus, our comfort-seeking choices can lead directly to the other source of distress, ennui. Scitovsky is as concerned to alleviate boredom as to reduce pain. In-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

deed, in *The Joyless Economy* he is *more* concerned with the relief of boredom, because affluent societies are less adept at this than at the production of comfort. Affluence quells the uncomfortable stimulus of basic, unmet needs. But as creatures who evolved to take pleasure in striving to meet those needs, we are left unsatisfied when they are sated. "Being on the way to [our] goals and struggling to achieve them are more satisfying than is the actual attainment of the goals" (Scitovsky 1976, 62), for the struggle itself is stimulating and its conclusion creates a void: the need for new stimuli. "Too much comfort," Scitovsky writes, "may preclude pleasure" (ibid.); passivity induces boredom.

One way people may overcome boredom is by subjecting themselves to physical stimuli—exercise or sex, for example. (Here Scitovsky may have found a plausible explanation for many aspects of contemporary life commonly blamed on "narcissism" or the decline of "traditional values.") The alternative to physical stimulation is mental relief from boredom—new ideas or information. But information that is *too* novel is unpleasantly overstimulating. "Most of the time," therefore, "we absorb information by relating it to what we already know" (1976, 54). We draw on background information to render new stimuli more pleasant. Scitovsky goes so far as to define "culture" as "the preliminary information we must have to enjoy the processing of further information." Only "stimulus enjoyment" is, by this definition, "a cultural activity" (ibid., 226). Scitovsky's definition of culture, no matter how unpleasantly novel it may first appear, does map onto normal usage to some extent. "The word 'culture,'" Scitovsky points out, "usually makes people think of the ability to enjoy literature, music, painting, and other fine arts whose enjoyment takes effort and time to learn, although the appreciation and enjoyment of food, sports, games of skill and card games, political, economic, and scientific news, and so on are also learned skills and must therefore be included in the definition of culture" (ibid., 226–27).

Inasmuch as we require a cultural education to enjoy novel mental stimuli, perhaps the banal aspects of popular culture are explained by the fact that most of its consumers are not very highly educated, and thus would find sophisticated stimuli too novel to be pleasant.[2] Scitovsky also suggests that an overemphasis on the consumption of material comforts may trigger, in compensation, the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"extraordinary interest in violence" —the ultimate banal stimulus—displayed by popular culture (1976, 283).

Scitovsky identifies two different respects in which people's untutored impulses may lead them to get less enjoyment out of life than they are capable of. First, they may pursue comfort over stimulation. Programmed, as it were, to meet basic needs that, until the recent arrival of affluence, were virtually never satisfied, we respond to material abundance by, for example, increasing the frequency of our meals and making them more sumptuous, perversely reducing the pleasure we used to derive from much-anticipated feasts. Previously savored pleasures now become necessities whose presence no longer makes us happy, but whose absence causes discomfort. "Affluence crowds out, for many people, the pleasures of want satisfaction" by addicting them to comforts (Scitovsky 1976, 79). Among the many pleasures sacrificed are those from stimulating work, which vanish when work becomes merely a means to the end of buying material comforts.

Scitovsky does believe that the problems of affluence can be overcome by seeking stimulation in activities other than want satisfaction. But as compared to Europeans, he argues, Americans are ill equipped to make this substitution because of their Puritan heritage, which opposes pleasures and education that are not instrumental to "a healthy and productive life" (1976, 207). Hence our preference for vocational training over "frivolous" learning, even in higher education; and the priority we give to "the earning of money ahead of the enjoyment of life" (ibid., 210).

Below, however, Ronald Inglehart provides evidence that the onset of affluence has effected a major shift toward "Postmaterialist" values, even in the United States. Might the Postmaterialist pursuit of novelty turn into a quest for ever-more stimulation that is, in the end, just as unsatisfying as the Materialist pursuit of ever-more comfort? Scitovsky does not think so. "The pleasures of stimulation," he maintains, "unlike those of want satisfaction, are not eliminated by their too persistent and too continuous pursuit" (1976, 77-78).

The second way our preferences can make us unhappy is by disposing us toward consuming relatively simple, ineffective stimuli rather than more difficult, "cultural" forms of excitement. Many people prefer watching television, driving for pleasure, and shopping to such stimuli as complex "music, painting, literature, and his-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tory" (Scitovsky 1976, 235). But while television, driving, and shopping "can all be very stimulating, up to a point," they "quickly become redundant, unsurprising, and monotonous," because they "are unable to keep our minds busy and unbored" (ibid., 232–33). Hence the often noted dissatisfaction of even the most avid television viewers with what they are watching. The problem, Scitovsky maintains, is not that the stimulus television and the like provides is "inherently inferior, which it is not, but that it is limited in quantity"; the more time one spends on these activities, the less one gains in incremental stimulation. Scitovsky suggests thinking of these "simple pleasures" as "channels through which novelty is transmitted. . . . Without an increase in novelty content, more time spent watching television, driving around, or shopping merely spreads the novelty thinner, increases redundancy, and reduces the intensity of enjoyment" (ibid., 234–35). "The remedy," he writes, "is culture," which gives us "access to society's accumulated stock of past novelty and so enable[s] us to supplement at will and almost without limit the currently available flow of novelty as a source of stimulation" (ibid., 235).

It is not difficult to find grounds for paternalism in Scitovsky's argument. "Since consumption skills are typically acquired by the young while they are in school, more mandatory liberal arts courses in the school curriculum are one alternative," he writes, "and since much of the training in consumption skills is learned by doing, subsidies to the arts are another" (1976, 247). One can also imagine more radical forms of coercion that might find justification in *The Joyless Economy*, since if valid, its argument decisively rebuts the convenient liberal assumption that individual freedom automatically leads to happiness by virtue of the individual's knowledge of her own best interests. The heart of Scitovsky's view is that an untutored desire need *not* serve the interests of its possessor.

Thus, if we step back from the question of what policies should be adopted within liberal societies and consider social systems as wholes, both the democratic and the capitalist dimensions of liberal society appear to be threatened by Scitovsky's analysis. Democracy and capitalism are similar in—ideally—giving people whatever they want, whether in the way of governance or of other "goods" (cf. Scitovsky 1976, 269).[3] Yet Scitovsky's argument emphasizes that what people want may be bad for them.

Liberals have traditionally (albeit not universally) sidestepped this

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

possibility. They have preferred a priori defenses of democracy and capitalism as *intrinsically* just—defenses that are impervious to empirical falsification—over a posteriori defenses of the *results* produced by democracy and capitalism. If, a priori, each individual has the right to live her life as she sees fit, then it hardly matters whether the result of her freedom is satisfaction or misery; what is important is that she have the liberty, and what John Rawls calls the "primary goods," necessary to live in whatever manner she chooses, *regardless* of how satisfying that choice turns out to be. By the same token, if people collectively have the right to choose whatever governors they want, the wisdom of their choices becomes a matter of, at best, secondary concern. Much more important is the task of blocking power relations that might distort democratic choices. Accordingly, the task of most liberal philosophy has been to elaborate the grounds of individual and collective freedom, and the research agenda of modern political science and sociology has been to identify the sources of tyranny and inequality, and to design institutions and policies that would rectify these evils. Similarly, economists have been largely uninterested in the effects of capitalism on individual well-being, having defined the question out of existence by identifying (objective) well-being—"utility"—with the satisfaction of (subjective) individual preferences.

By denying that objective interests even exist, or by reducing interests to preferences, the defenders of democracy and capitalism cede the empirical ground to their opponents. Thus, most economists are inhibited, by the manifestly false doctrine that there can be no interpersonal comparison of utilities (a doctrine that would render the daily life of friends, lovers, and parents incomprehensible), from even debating the possibility that departures from capitalism might be beneficial—except when such departures would *further* the satisfaction of people's preferences by mitigating externalities or by providing public "goods." The door is therefore left open to any manner of interventionist panaceas for the problems Scitovsky identifies.

But those who might see in Scitovsky grounds for using state intervention to rectify the joyless economy face a paradox: the state they would enlist to remedy capitalism is democratic, and the justificatory principle of democracy is the same as that of capitalism—self-governance. A democratic state is thus a rather unlikely means of circumventing people's untutored desires; those desires are (sup-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

posedly) sovereign in a democratic polity as much as they are in a capitalist economy. Scitovsky's own defense of coercively imposed liberal-arts education for children, for example, would have to gain approval from the very electorate that, having failed to receive such an education, could hardly be expected to understand its benefits. His support of public funding for the arts requires ratification by the very public that, prior to the adoption of this policy, would be untrained in its value. Conversely, people who do appreciate such measures would, presumably, be willing to provide them without state involvement (where familiar collective-action problems did not interfere). One of the limitations of the tendency—endemic in democratic cultures of never-ending public-policy discussion—to think in terms of discrete "policy proposals" rather than systemic reform is that the former must be implemented by the very system that has often caused the problem one is trying to ameliorate. The problems caused by errant desires are likely to be exacerbated, not relieved, by the political system—democracy—that gives people what they desire.

The Joyless Economy thus raises some of the deepest theoretical issues in political economy and philosophy, as well as shedding light on a vast range of questions about the merits of popular and high culture, the organization of work, the nature of art, and the best way to live. In its concreteness it underscores the abstractness of contemporary economic and political thought, and it reveals the reason for this abstractness: the conviction that individual or collective freedom to choose how to live is intrinsically valuable. This conviction drains any urgency from the investigation of how we *should* live; indeed, it taints such investigation as suspect, because an open inquiry into whether freedom is good for people, rather than being good a priori, might lead to "elitist" conclusions (as discussed in Schor's contribution below). It is not surprising, then, that such investigation is rare, and that Scitovsky's example is a lonely one.

In light of the profound questions posed by Scitovsky's innovative book, the symposium presented below is but a first step. The implications of Scitovsky's view have not been thought through; the debate has not been joined. The same can be said more generally, however, of most debates about democratic capitalism, or what Karl Popper called the "open society." The putative empirical benefits of the open society—peace, prosperity, the advance of knowledge, the correction of error—are hardly ever discussed without the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stultifying interference of a priori liberal precepts that render such discussions moot. The assumption that capitalism or democracy is intrinsically valuable makes the investigation of their actual effects nugatory.

Merely noting this is not, of course, sufficient to negate that assumption: we indeed should *not* be all that concerned with their empirical effects if democracy and capitalism *are* inherently (and superordinately) good. The argument that they are not inherently good must be made at another time. But one can, at this point, note the following inconsistency: although it is otiose if open societies are intrinsically valuable, discussion of their effects frequently *does* occur. Both the proponents and the opponents of laissez-faire capitalism, for example, dispute whether its consequences are beneficial, not just whether it is inherently just. The problem is that, hamstrung by their commitment to it *regardless* of its consequences, the defenders of the open society tend to reply lazily, dogmatically, or tautologically to its critics, and this allows simplistic paternalism to pass as supremely realistic by comparison.

If Scitovsky's theory stimulates the debate that it should, one can only hope it will avoid this pattern. There are signs, even in this "early" discussion of Scitovsky, that a more realistic approach is possible. Inglehart's contribution, for example, suggests that without paternalistic assistance, generations raised in affluence have already begun to question the hegemony of "comfort." Although it is unclear how congruent "Postmaterialism" is with the pursuit of higher pleasures, Inglehart's research shows that Scitovsky's argument does not necessarily entail paternalism: individuals can, at least when raised amidst material abundance, be relied upon to try to take care of their own need for stimulation as much as their need for comfort (cf. Scitovsky 1976, 78). On the other hand, it might be the case that the growth of state-funded higher education is responsible for the value changes Inglehart discusses. In that case, state paternalism might still be called for—if its systemic costs are not greater than its benefits, and if the paradox of its democratic approval can be resolved.

Albert Hirschman's consideration of the pleasures of "commensality" is another step toward a more nuanced consideration of the open society's effects on our well-being, since it illuminates a uniquely eudaimonistic[4] aspect of democracy. The association (first evident in classical Greek politics) between commensality, equality,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and democracy that Hirschman describes raises the possibility that both democracy and equality have an instrumental element, rather than being (solely) ends in themselves. Democracy, in this view (which is not necessarily Hirschman's), should at least in part be evaluated empirically—but not merely for its success in procuring the objects of political action (any more than common meals should be evaluated solely on the basis of their success in feeding people). Rather, democracy should be judged by its ability to produce feelings of pleasure among its participants. This position is a step removed from the a priori insistence on freedom, equality, or democracy as ends in themselves, since it is always possible that these purported ends will turn out *not* to produce pleasure—or that, as Hirschman shows below, they may produce pain.[5]

The paternalistic implications of Scitovsky's work are most explicitly addressed in Sen's essay. Sen notes that Scitovsky's "spirit" is not paternalistic, since Scitovsky denies that people would continue their fruitless pursuit of ultimately boring comforts if they were sufficiently self-aware. What they "really" want is pleasure, but what they may "prefer," and end up pursuing, is comfort. But it remains possible that people will not or cannot achieve the self-awareness necessary to transcend their unhappy preferences. As soon as objective needs—the empirical conditions of happiness—are logically separated from subjective desires, there is conceptual space for people "really" to want what truly is not in their interest.

Conversely, if freedom is, as Sen argues, intrinsically (and very) valuable, it is difficult to see why we should be concerned with Scitovsky's, or anyone else's, empirical findings about freedom's potentially unhappy effects. It is this lack of concern, it seems to us, that has led to the neglect of *The Joyless Economy* that Sen, and we, deplore.

NOTES

1. But see *Times Literary Supplement* 1995, where a survey of prominent scholars lists *The Joyless Economy* as one of the 100 most important books of the second half of the century.
2. Perhaps the global appeal of American culture reflects the spread of affluence, which suddenly puts millions of people in need of mental stimuli that are pleasant to the uneducated eye and ear. American culture, being newer than competitors, may simply require less acculturation than the alterna-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tives, making it more universally accessible but, at the same time, less challenging and less satisfying.

3. One might argue that capitalism allows people's desires to be manipulated to favor comfort over pleasure through such devices as persuasive (rather than informational) advertising. But if so, democracy cannot very well be expected to counteract such manipulation, since a democracy's electorate will consist of consumers who, because of their exposure to advertising, will tend to favor government policies designed to encourage the production of wealth, with which they may purchase comforting consumer goods.
4. We use this term advisedly, to mean "happiness-oriented." We do not mean to call forth the Aristotelian connotations of *eudaimonia*, along with the much-disputed question of precisely what Aristotle meant by it. ("Utilitarian" is a better term, except that its association with preference satisfaction is even more misleading than the Aristotelian resonances of *eudaimonia*. It is a striking feature of contemporary philosophical discourse that no term seems available for referring to objectively existing states of psychological happiness, the fostering of which might form the object of social or political philosophy.)
5. In this connection, one of Hirschman's most famous contributions, his distinction between "exit" and "voice," is apposite. There are certainly many times when democracy, due to disagreement and other facets of human nature, is decidedly *un*pleasant. In these instances a market-like "exit" option may prove much more conducive to happiness than requiring those unhappy with their situation to remain engaged in using democratic "voice" to change matters. (Cf. Hirschman 1977.)

REFERENCES

Hirschman, Albert O. 1977. *Exit, Voice, and Loyalty*. Princeton: Princeton University Press.

Scitovsky, Tibor. 1976. *The Joyless Economy: An Inquiry into Human Satisfaction and Consumer Dissatisfaction*. New York: Oxford University Press.

Times Literary Supplement. 1995. "The Hundred Most Influential Books Since World War II." October 6: 39.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Amartya Sen

RATIONALITY, JOY AND FREEDOM

ABSTRACT: *In* The Joyless Economy, *Tibor Scitovsky proposes a model of human behavior that differs substantially from that of standard economic theory. Scitovsky begins with a basic distinction between "comfort" and "stimulation." While stimulation is ultimately more satisfying and creative, we frequently fall for the bewitching attractions of comfort, which leads to impoverished lives. Scitovsky's analysis has far-reaching implications not only for the idea of rationality, but for the concept of utility (by making it plural in nature) and, perhaps most importantly, for the importance of freedom (including the freedom to change our preferences).*

When *The Joyless Economy* was published more than two decades ago, even a seasoned admirer of Tibor Scitovsky's writings (as I have always been) could not but marvel at the elegance and reach of this unusual book. It was the middle 1970s. Growing conservatism in social thought (following the radical 1960s) was being accompanied by some hardening of methodological inertia in economics. Amidst all this arrived *The Joyless Economy*, questioning with great style the very foundations of established economic thinking, and doing so, I might add, in quite a joyful way. A combination of stimulating insights and entertaining arguments, combined with remarkable seriousness, distinguished this altogether unusual monograph.

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Amartya Sen, Lamont University Professor and Professor of Economics and Philosophy, Harvard University, Cambridge, MA 02138, telephone (617) 495-1871, telefax (617) 496-5942, is the author of, *inter alia*, *Inequality Reexamined* (Harvard, 1992), (with Jean Drèze) *Hunger and Public Action* (Oxford, 1989), and *On Ethics and Economics* (Blackwell, 1987).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Behavior and Its Scientific Study

More than 20 years later, we have good reason to ask: what did the book do? What are its lasting contributions? And where do we go from here? I shall propose some answers to these questions. But before I try to do that, let me clarify the nature of the radicalism I associate with Scitovsky's book, since I began with a reference to the resurgence of conservatism—an inherently ambiguous concept.

In the Preface to *The Joyless Economy*, Scitovsky says (commenting on the reception of the ideas underlying this book): "Economists are deeply divided into the Establishment and radical-left critics, but they were like a harmonious and happy family in the unanimous hostility to my ideas" (1976, xi). Paranoia? Not so, I think. The nonconformism that characterizes Scitovsky's work involves asking questions that had been—and alas, still largely are—ignored by all the dominant economic schools, irrespective of their political positioning. The need for a change in investigative analysis and in practical reason that emerges from Scitovsky's inquiry has disturbing implications, but there was—and is—great reluctance to go the way that Scitovsky wanted economics to go.

What did Tibor Scitovsky think he was doing? His starting point clearly was a deep skepticism about the "science" of economics, as it was practiced by the dominant schools. Indeed, a far-reaching scientific ambition lies at the very root of *The Joyless Economy*. The policy lessons that emerge arise from—and are entirely derivative on—his attempt to develop a more scientific approach to the subject matter of human behavior and satisfaction.

Scitovsky's prime target was the use of the idea of rationality in economics in predicting and explaining behavior. He begins by noting that "economists assume that the consumer is rational; in other words, they assume that whatever he does must be the best thing for him to do, given his tastes, market opportunities, and circumstances, since otherwise he would not have done it." He points out that "many of the economists' arguments, conclusions, recommendations" are based on this assumption. It is this approach that Scitovsky found "unscientific," to be contrasted with what he took to be the "scientific approach": "to observe behavior—different people's behavior in similar situations and the same person's behavior in different situations—in order to find, contained in those ob-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

servations, the regularities, the common elements, the seeming contradictions and the resolution of those contradictions which then become the foundations of a theory to explain behavior" (1976, vii–viii).

If science is Scitovsky's first concern, the practical relevance of his work lies no less in its implications for policies, actions, and decisions, based on a different understanding of the nature of our behavior. Part of the exercise in practical reason is geared to the individual, and is a modern revival of the Socratic question: "How should one live?" But there are lessons also for public policy, involving group behavior as well as the instruments of the state.

Comfort and Stimulation

The scientific as well as applied conclusions that Scitovsky draws involve many complexities and qualifications, but it would not be, I think, unfair to give the pride of place to his basic distinction between "comfort" and "stimulation" as two aspects of enjoyment that are quite different from each other and that can, to a great extent, compete with each other for our attention, time, and resources.

At the end of the analysis, in the last chapter of the book, Scitovsky arrives at the firm conclusion that "we overindulge in comfort." Furthermore, "the economies of scale impose the majority's tastes on the whole society, and when the majority chooses to sacrifice the stimulus of novelty for the sake of comfort, the creation of novelty and the minority's seeking new ways of attaining the good life are both impeded." This impoverishes the lives of the minority restrained from seeking departures from the merely comfortable, but also makes the mundane and joyless existence of the majority durable and self-sustaining. Not only does the irrational neglect of systematic and cultivated stimulation lead to reduced lives, it also makes us respond to this lacuna with feverish thoughtlessness. Scitovsky even argues that "our dearth of the conventional forms of stimulation" makes us more vulnerable to destructive forms of stimulation that may come our way, whether in real life or in entertainment, leading to "great tolerance of crime, violence, and threats to life and property" (1976, 282–83).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Life Style and Public Policy

How can we get out of this rut? Scitovsky points to different possibilities, but focuses particularly on changing the cultural dimensions of our lives.

> The remedy is culture. We must acquire the consumption skills that will give us access to society's accumulated stock of past novelty and so enable us to supplement at will and almost without limit the currently available flow of novelty as a source of stimulation. Different skills of consumption open up different sources of stimulation, and each gives us greatly enhanced freedom to choose what we personally find the most enjoyable and stimulating, holding out the prospect of a large reservoir of novelty and years of enjoyment. Music, painting, literature, and history are the obvious examples. (1976, 235)

Scitovsky's scrutiny of educational and cultural policy, and other social influences in developing our skill for constructive stimulation, provide some of the most important practical lessons to emerge from this book. Scitovsky went on to pursue some of these issues further in his collection of essays, *Human Desire and Economic Satisfaction* (1986).

Do these issues remain as relevant today as they were 20 years ago? I would argue that they are, if anything, more so. Scitovsky saw his work as the beginning of a different line of analysis, but unfortunately not many economists have followed the course he opened up. However, two decades is not a long time in the development of a discipline. As the overdue reexamination of the behavioral foundations of economics and the other social sciences gathers more momentum (as I am sure it will), Scitovsky's analyses, hypotheses, and counsel will no doubt have the influence they richly deserve. In the rethinking of public policy, too, the directions towards which Scitovsky points remain to be fruitfully explored and pursued.

So far, in interpreting the relevance of Scitovsky's work, I have tried to follow him faithfully and have retained the emphases that he has himself suggested. I want now to move a little further in a somewhat different direction, but draw heavily on his work and the illumination that he has provided. In particular, I want to reexamine three of the basic concepts of social and economic philosophy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

on which *The Joyless Economy* has a clear bearing: (1) *rationality*, (2) *utility*, and (3) *freedom*.

Rationality of Choice

Scitovsky's criticism of the presumption of rational behavior was, as we saw, the starting point of the analysis of *The Joyless Economy*. There are two different issues here:

(1) Do people behave in the way that standard economic theory characterizes rational behavior?
(2) Does the characterization of "rational behavior" in standard theory provide an adequate understanding of rationality?

Scitovsky was primarily occupied with the first question, which he answered in the negative. He put emphasis, in particular, on his diagnosis that what people do may very often not be in their respective best interests. In particular the rational pursuit of creative and sustainable stimulation may be hampered by a variety of problems, including the bewitching attraction of comfort and the neglect of skill formation in generating and enjoying stimulation.

I referred earlier to the Socratic question about how one should live. The related Socratic claim that the "unexamined life" is not worth living has some affinities with Scitovsky's diagnosis.[1] If constructive stimulation is neglected in actual behavior, this is not because people have examined the alternatives and the range of choices that are in fact within their command, and have come to the considered conclusion that they really do want comfort rather than stimulation. Had that been the case, it would have been harder for Scitovsky to press stimulation on them, "in their own best interest." The last thing that can be said about *The Joyless Economy* is that it is paternalistic in spirit.

Scitovsky's theory turns to a considerable extent on our unwillingness or reluctance to examine and explore the real options we have. Another way of understanding Scitovsky's thesis, then, is to see it as the identification of the need for more *self-examination* of what it is that we really want, rather than considering it simply as an external diagnosis that what people will profit from most is stimulation rather than comfort. In this way of seeing the problem,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which is implicit in Scitovsky's own analysis (if not stated in quite this form), the real departure from orthodox economic theory is Scitovsky's emphasis on critical reflection about what one wants, rather than on making cunning choices in line with given preferences. Critique may or may not be in itself stimulating, but it is critique—not just stimulation—that must emerge as the point of practical departure in this line of analysis.

At this point we may move over to the second question. Is it sensible to characterize rational behavior in terms of intelligently pursuing given preferences and thereby promoting one's own welfare? There are many weaknesses in this characterization, some of which I have tried to discuss elsewhere.[2] The deficiency that is closest to Scitovsky's concern relates to what was just discussed: the lacuna of seeing rationality in terms of attempting the best fulfilment of what one wants (even in the absence of critical examination of what is wanted).

Scitovsky's theory of rationality does not, ultimately, involve denying the necessity—for rationality—of attempting to get what one really wants, but this wanting is considered, as it were, at a higher level. A person may really want creative stimulation—without being reflectively clear that this is what she does want—and then mistakenly pursue a life style that does not promote what would most satisfy her. In this sense, Scitovsky's thesis can be seen as being broadly within the conventional framework of rationality in terms of what a person *really* desires: much of the sophistication of the concept takes the form of providing a deeper characterization of what is really desired. This congruence with individuals' own judgments (in the form of deliberate, scrutinized and skilled conclusions) is worth stressing, since social influences are discussed by Scitovsky with such care and penetrating insight that it might be tempting to think that he is irreconcilably anti-individualist in a deeper sense as well, which would be a mistake.

This distinction between actual desires (for commodities and life styles) and scrutinized desires (taking full note of the need for constructive stimulation) has bearing on some of the most basic concepts of social analysis. I shall come presently to the implications of this distinction for the ideas of freedom and utility, but there is a further remark to be made about Scitovsky's suggestion that human beings often fail to conform to the notion of rationality postulated by standard theory.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

As argued already, this claim is indeed correct in one sense: if the concept of rationality is to include doing things that are "best" for the person, then a chasm does clearly exist between that notion of rational behavior and the way in which Scitovsky describes how people actually behave. But Scitovsky also describes standard theory as requiring that a person's "actual behavior is a faithful reflection of his preferences." This is, of course, a different requirement, since a person's preferences may or may not correspond to what would be best for him. Scitovsky is right to see standard theory as demanding behavior that reflects both one's interests and one's preferences, and indeed it is the simultaneous insistence on these very different requirements that gives orthodox theory its peculiarly extensive reach.[3]

However, not all of the demands made by orthodox theory are equally central to its program (1976, vii-viii). Scitovsky refers to "the theory of revealed preference" (on which "are based many of the economists' arguments, conclusions, recommendations") and sees it as reflecting this structure of presumptions. It can, however, be argued that the theory of "revealed preference" in itself does not say anything about a person's pursuing what is in his best interest. Rather, if a person were to act consistently in the sense of satisfying the axioms of revealed preference, then a ranking relation (called "revealed preference" only out of courtesy) can be constructed from his actual choices such that he can be seen *as if* he were consistently pursuing that preference. Then of course, the person's "actual behavior" will be, definitionally, "a faithful reflection of his preferences" (taking preferences to be what the choices themselves have yielded). In this sense revealed preference theory is only a demand for internal consistency of choice.[4] Any further conclusion that the person is actually doing things that are "best for him" does not, strictly speaking, belong to the theory of revealed preference.

If we take the theory of revealed preference in this limited form, the behavior patterns to which Scitovsky draws attention need not involve any violation of the axioms of revealed preference and can be seen as being quite consistent with rational behavior according to that theory. People may not be acting in their best interest, they may not be able to defend their choices under scrutiny, and they may not be sensibly pursuing their higher-level desire for stimulation, but still their actual choices can be fully in line with the permissible behavior patterns under the theory of revealed preference.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In this sense, Scitovsky's empirical conclusions do not, in fact, contradict revealed-preference theory.

This qualification of one of Scitovsky's remarks is not meant to suggest that his analysis does not hit at the very root of the use of standard theory; it does. In standard economic analysis, the empty shell of "revealed preference theory" is actually combined with substantive assumptions about what is in the person's best interest (to wit, what he or she can be seen as pursuing), as well as with other presumptions, and thus the full characterization of behavior and its implications in that analysis can indeed be criticized for precisely the reasons that Scitovsky identifies.

Scitovsky's general critique remains, therefore, on target, despite the possibility of disputing his remark about the theory of revealed preference. But this entails that in terms of the two questions presented earlier, Scitovsky should be seen as answering No to question (2), not question (1). It is not so much, on this interpretation, that people do not behave in the way that standard revealed-preference economics characterizes rational behavior, but that this characterization of rational behavior is deeply inadequate and unilluminating. This interpretational shift does nothing to weaken the force of Scitovsky's critique of standard theory, nor of course to reduce the importance of his analysis for practical reason and policy.

Utility

Scitovsky does not explicitly invoke a theory of utility. It is not a concept for which he has indicated any special fondness, and indeed, the subject index of neither *The Joyless Economy* nor of *Human Desire and Economic Satisfaction* betrays any interest in this idea. However, insofar as the theory of utility concerns what a person values and how this affects her choices, there is an implicit theory of utility behind Scitovsky's behavioral analysis.

It may be useful to bring in a comparison here with what has been called "the new theory of consumption behavior," as developed by W. M. (Terence) Gorman (1956, 1975) and Kevin Lancaster (1966, 1971). In that theory (which is no longer particularly "new"), each commodity is seen as having certain "characteristics," and the consumer is understood to be in hot pursuit of these characteristics, rather than the commodities as such. For example, rice

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

may offer some calories, some protein, some vitamins, some hunger-satisfying potential, some means of entertaining others, and so on. Even when one's demand for a collection of underlying characteristics is given, that demand can be fulfilled through different commodity baskets which all yield that very collection of characteristics. Different goods are substitutes for each other since they may be offering, at least partly, the same characteristics. This characteristics-based analysis has been an enriching departure in the theory of consumption.

Could we see Scitovsky's concepts of "stimulation" and "comfort" as being characteristics of this kind? To some extent, we can: the Scitovsky program shares with the Gorman-Lancaster program a search for something that lies behind the demand for commodities. But there are dissimilarities as well. Stimulation is not a characteristic of a commodity as such; it is more a question of what we are able to make of commodities. Stimulation and comfort result from the combination of commodities with our motivations and skills, and while we can still make use of the Gorman-Lancaster formulations, this may not be the most useful way of exploring Scitovsky's theory.

Indeed, it is the role of motivational and decisional variability on which Scitovsky concentrates. As he points out, we can get stimulation, to varying extents, from such diverse activities as "going to a colorful market or shopping center, browsing in a good bookshop, reading a Sears catalog, looking at the latest fashions in elegant department stores or inspecting next year's models of automobiles" (1976, 232-33). The production of stimulation is a "relational" activity, involving both the nature of the commodity or action and what we are motivated—and trained—to make out of it.

Another formulation of utility theory with which Scitovsky's theory has affinity is the view of utility as irreducibly diverse. In standard utility theory, utility is seen either in classical Benthamite terms, as mental satisfaction (as Alfred Marshall and A.C. Pigou saw it), or in terms of the overall fulfilment of felt desires (as Frank Ramsey viewed it), or as a representation of choice behavior (as revealed preference theory sees it). These variants of standard utility theory differ from each other, but they do share the general characteristic of seeing utility as basically a homogeneous magnitude, representable by a real number. In contrast, Aristotle saw "eudaemonia" as being constitutively diverse, leading to a heterogeneous view

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of fulfilment. John Stuart Mill also argued for accepting the diversity of different kinds of utilities (the pleasure from gambling not being the same as the joy from reading poetry).

To some extent, the distinctions drawn by Scitovsky follow the Aristotle-Mill path in denying the usefulness of some homogenized magnitude of utility, proceeding instead in the direction of a structured diversity of joys, including comfort and stimulation. This analogy is worth bearing in mind, since the Aristotelian and Millian perspectives have been well explored (particularly in the philosophical literature), and Scitovsky's particular characterization of heterogeneity in fulfilment can profit from similar investigation and scrutiny. I shall not pursue this suggestion further here, but the richness of Aristotelian and Millian structures can be, I believe, both enhanced and utilized by combining them with Scitovsky's penetrating partitioning of forms of joy and joylessness.

Freedom

Finally, I come to freedom—a subject in which orthodox economics does not take an overwhelming interest. Scitovsky does not go much into this concept, but his work is ultimately also about freedom. In particular, he analyzes how we can enhance our freedom to get what we have reason to value (such as stimulation) through reflective examination as well as by developing skills. And indeed at one place, he mentions this aspect of his thesis explicitly: "Different skills of consumption open up different stores of sources of stimulation, and each gives us greatly enhanced freedom to choose what we personally find the most enjoyable and stimulating" (1976, 235).

There are at least two ways of seeing substantive freedom: (1) *instrumentally*, as a means of getting what we want, and (2) *intrinsically*, as something we value in itself (over and above its instrumental role).[5] Scitovsky's reference to freedom in the quotation above is primarily instrumental. But it is not absurd to claim that our interest in freedom cannot be only instrumental. For example, suppose we choose some option x from a set S of alternatives. If we are concerned only with the instrumental view, it would appear that nothing is lost if all alternatives other than x were to be removed from S, since x is what I chose (I can still choose that even after the reduction of the set S). If, however, freedom is valued in itself, we

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

can argue that my freedom is significantly reduced if these other alternatives are removed from the available set, even if my choice remains the same (to wit, x) in both the cases. It is "up to me," I can argue, to choose what I like, and even if the selected alternative is the same, there is a loss of freedom in my being given the reduced set from which to choose, and this I can, with reason, resent.

This is a subject on which there is a considerable literature.[6] A question that has to be asked is: Why do we seek freedom? The instrumentalist view tends to suggest that this may be related to uncertainty about our own preferences, so that having more options can be useful. (David Kreps [1979] has presented the classic formulation of this approach, developing some suggestions of Tjalling Koopmans.) In contrast, the intrinsic view suggests that even if we do not have any uncertainty about our own preferences, we may still value freedom for its own sake, for one of various interrelated reasons: (1) because it may be valuable to be able to *choose freely*, or (2) because it may be important that the *agent* of choice be the person whose life would be most affected, or (3) because we have reason to value the *freedom to change our mind*.[7]

On this literature, Scitovsky's analysis has a considerable bearing. If we have some basic motivations (such as stimulation and comfort) and also, at any moment, some preference over commodity bundles that link up with those motivations, one source of variability arises precisely from the possibility that a person can alter her preferences in trying a different—and possibly more fruitful—way of advancing the basic motivations. The dichotomy between preferences over commodities (the meat and potatoes of standard economics) and more basic motivations (for example, in generating stimulation) points to a significant source of variability in preferences, and this is directly relevant to the valuation of freedom. I may not use the public park that exists, and yet may have good reason to resent that facility being withdrawn, since I could otherwise have pursued my basic motivations differently (by choosing to go to the park), after using my freedom to change my mind through self-critique.

The integration of *volitional* elements into the literature on preference variation and valuation of flexibility can lead to some significant enrichment of ongoing studies of freedom. The value of freedom and flexibility does not depend only on *given* uncertainty about our preferences. It is also a matter of being free to undertake

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a *critique* of our own preferences and being free to change our minds. Thus, the importance of freedom and the relevance of preference revision relate closely to the analysis of preference, behavior and self-critique presented by Tibor Scitovsky.

* * *

The Joyless Economy will continue to stimulate us and will go on enriching our understanding of the nature of the economy and of the society. In his concluding chapter, Scitovsky notes: "The novelty of the book lies in introducing novelty as an object of desire and a source of satisfaction" (1976, 282). I have tried to argue that the novelty that this rich monograph has presented to us goes well beyond the particular ideas on which the author himself has focused. I suppose one characteristic of a great work is that the author underestimates its reach. The reach, in this case, is remarkably extensive.

NOTES

1. For an important interpretation and pursuit of that task, see Nozick 1989.
2. In particular in Sen 1973 and 1977. See also Hirschman 1982, Mansbridge 1990, and Walsh 1996.
3. This insistence on the congruence of a set of diverse requirements also makes the individual, as seen in standard theory, something of a "rational fool" (I have tried to argue in Sen 1977). This postulated creature is terribly neat and consistent in thought and action, but unable to depart from a pervasive conformity that identifies—of necessity—several distinct and sometimes conflicting motivations, such as (1) acting according to one's actual preference, (2) going by one's scrutinized and corrected preference, (3) pursuing best one's self-interest, (4) doing what one thinks would be the right thing to do, and so on.
4. There is a different issue as to whether "internal consistency" is a viable concept for *choice behavior* over commodity bundles, and whether something additional has to be brought in—from "outside" observed choices (such as motivations and reasoning)—to make any sense of the idea of consistency. It can be shown, in particular, that *every* set of choices—whatever—can be claimed to be free from internal tension through a suitable account of motivations and strategies. Revealed preference theory, as developed by Paul Samuelson, avoids this difficulty by imposing some consistency "axioms," which amounts in effect to ruling out of court certain types of possible motivations. The thesis that the idea of a purely "internal consistency of choice" is methodologically unsustainable has been analyzed in Sen 1993.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

5. There is, of course, also a procedural view of freedom, which brings in other concerns, such as the nature of rules and the operation of constraints that bind our action; see Nozick 1974.
6. Some alternative lines of analysis can be found in Kreps 1979, Suppes 1987, Arrow 1995, and in the literature cited in these works.
7. I have tried to address these issues in my Kenneth Arrow Lectures on "Freedom and Social Choice," given at Stanford University in 1992; to be published.

REFERENCES

Arrow, Kenneth. 1995. "A Note on Freedom and Flexibility." In Basu et al. 1995.

Basu, Kaushik, Prasanta Pattanaik, and Kotaro Suzumura, eds. 1995. *Choice, Welfare and Development*. Oxford: Clarendon Press.

Elster, Jon, ed. 1986. *Rational Choice*. Oxford: Blackwell.

Gorman, W.M. 1956. "The Demand for Related Goods." Journal paper J3129. Ames: Iowa Agricultural Experimental Station.

Gorman, W.M. 1975. "Tricks with Utility Functions." In Michael Artis and A.R. Nobay, eds., *Essays in Economic Analysis*. Cambridge: Cambridge University Press.

Hahn, Frank, and Martin Hollis, eds. 1979. *Philosophy and Economic Theory*. Oxford: Oxford University Press.

Hirschman, Albert. 1982. *Shifting Involvements: Private and Public Action*. Princeton: Princeton University Press.

Kreps, David. 1979. "A Representation Theorem for 'Preference for Flexibility.'" *Econometrica* 47: 565–78.

Lancaster, Kelvin. 1966. "A New Approach to Consumer Theory." *Journal of Political Economy* 74.

Lancaster, Kevin. 1971. *Consumer Demand: A New Approach*. New York: Columbia University Press.

Mansbridge, Jane J., ed. 1990. *Beyond Self-Interest*. Chicago: University of Chicago Press.

Nozick, Robert. 1974. *Anarchy, State and Utopia*. New York: Basic Books.

Nozick, Robert. 1989. *The Examined Life*. New York: Simon & Schuster.

Scitovsky, Tibor. 1976. *The Joyless Economy: An Inquiry into Human Satisfaction and Consumer Dissatisfaction*. New York: Oxford University Press.

Scitovsky, Tibor. 1986. *Human Desire and Economic Satisfaction: Essays on the Frontiers of Economics*. Brighton: Wheatsheaf Books.

Sen, Amartya. 1973. "Behaviour and the Concept of Preference." *Economica* 45: 241–59. Reprinted in Elster 1986.

Sen, Amartya. 1977. "Rational Fools." *Philosophy and Public Affairs* 6: 317–44. Reprinted in Hahn and Hollis 1979 and Mansbridge 1990.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Sen, Amartya. 1993. "Internal Consistency of Choice." *Econometrica* 61: 495–521.

Suppes, Patrick. 1987. "Maximizing Freedom of Decision: An Axiomatic Approach." In G. Feiwel, ed., *Arrow and the Foundations of the Theory of Economic Policy*. New York: New York University Press.

Walsh, Vivian. 1996. *Rationality, Allocation, and Reproduction*. Oxford: Clarendon Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Juliet Schor

WHAT'S WRONG WITH CONSUMER CAPITALISM? *THE JOYLESS ECONOMY* AFTER TWENTY YEARS

ABSTRACT: The Joyless Economy *seeks to explain the paradox of rising consumption and pervasive dissatifaction, and is thus often cited as a critique of consumer society. Yet it is rather ambivalent as critique. A less ambivalent critique would be predicated on the existence of biases toward private consumption as against public consumption, savings, free time, and the environment. These biases result from two sources: the importance of social comparison and the non-existence of a market in working hours. Because positional competitions occur far more readily around visible private consumer goods, these take a privileged place in expenditures. This process is compounded by the fact that employers systematically deny opportunities to trade income for leisure.*

The contemporary consumer economy poses intriguing paradoxes. Consumer spending continues to rise, yet disaffection seems pervasive. Majorities of Americans realize that preserving the planetary ecology will require major changes, yet they remain wedded to environmentally destructive lifestyles. Surveys report that unprecedented numbers of people are willing to reduce their incomes in order to get more time off work, yet jobs remain inflexibly orga-

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Juliet Schor, Professor of the Economics of Leisure, Department of Leisure Studies, Tilburg University, S-231 Postbus 90153, 500 LE Tilburg, The Netherlands, telephone 013-466-2222, telefax 013-466-2370, e-mail j.b.schor@kub.nl, is the author of *The Overworked American* (Basic Books, 1992) and *Beyond Consumerism* (Basic Books, forthcoming).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nized. Record numbers of people are paying $100 for athletic shoes that cost a few dollars to make.

Tibor Scitovsky's *The Joyless Economy* helps us to make sense of these and many other paradoxical dimensions of consumer behavior. A pioneering effort when it was published 20 years ago, its relevance is even greater today. As "consumption" has become a pivotal experience of modern life, our need to understand why consumers do what they do, and how they feel about it, is ever more pressing.

It is, therefore, immensely pleasing to participate in this symposium, having long been an admirer of *The Joyless Economy*. The symposium has also generated an external benefit. After years of teaching this book, I had unwittingly fallen victim to the very syndrome Scitovsky describes: repeated readings had led me from stimulation to comfort to boredom. Rereading it for the purpose of writing, rather than lecturing, has turned it into a novel commodity affording a tremendous amount of new, pleasurable stimulation. And as a more "skilled consumer" (having been researching consumer behavior in the last five years), I can better appreciate the subtleties of its many contributions.

Scitovsky as Social Scientist

The Joyless Economy is devoted to explaining a central paradox of modern life: human beings (or is it just Americans?) have gotten increasingly wealthy in material terms, but the contribution of consumption to satisfaction and well-being is increasingly questioned. Rather than being happy, the public appears to be dissatisfied, disappointed, bored, and eternally searching for something new. Standard economics could hardly have anticipated such a development; Scitovsky sets out to show us why it has happened, and also to suggest what we might do about it. He provides a powerful, rich, and coherent explanation.

The academic literature contains a wide range of approaches to consumer behavior. On the one hand we have the standard model of economics, in which motivation is not analyzed, but assumed. In other fields, concepts such as desire, the search for novelty, identity-seeking, status-seeking, addiction, culture, fashion cycles, and psychological deprivation are the building blocks of consumption the-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ory. One of the great strengths of *The Joyless Economy* is that it goes beyond the non-explanation of the standard economic model (which holds only that consumption yields utility) to a more complex behavioral account that is both general and capable of incorporating the insights of other disciplines.

Scitovsky begins with the problem of boredom and the need for stimulation, arguing (on the basis of existing psychological research) that the drive to be stimulated is a basic human motivation. Discomfort (induced either by boredom or physiological deprivation) is relieved by consumption, which produces pleasure (or stimulation). However, over time, pleasure turns into comfort, as novelty wears off. Comfort becomes habit-forming, even addictive. This is the three-state model that forms the basis of the book. As in the standard economic theory, individuals try to maximize their well-being by a mix of activities and consumption behaviors which locate them at various points on the discomfort-pleasure-comfort continuum. However, unlike the standard theory, they are not always successful in choosing the mix that produces either the optimal level of individual well-being, or an economy that maximizes satisfaction. Indeed, Scitovsky faults the American consumer for excessive comfort-seeking. In contrast to Europeans, Americans are insufficiently demanding. Their complacent behavior in retail markets undermines producer competition and allows the survival of poor-quality and high-priced goods.

This general framework is better at explaining a wide range of behaviors and outcomes than the standard model. Scitovsky's insistence on distinguishing pleasure from comfort yields tremendous insight into consumer satisfaction, and more importantly, consumer dissatisfaction. At the same time, the approach remains parsimonious and general. It thereby avoids the problem of much of the consumer literature, which is that particular accounts are useful for particular *types* of consumption, but do not provide us with a general theory of consumption. For example, treatments of hedonistic behavior explain tourism expenditures but not the demand for mattresses; identity-seeking explains clothing purchases but not the choice of life insurance; psychological deficits can explain compulsive shopping or impulse buying, but not what's in the grocery cart week after week. The framework of *The Joyless Economy* can analyze all these different kinds of consumption.

On the other hand, I do not want to overplay the differences *at*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the level of formal theory. The standard neoclassical model of a rational, utility-maximizing consumer is stunningly adaptable. By introducing different kinds of commodities, externalities, interpersonal interdependence in preferences, and endogeneity in preferences, many of Scitovsky's basic insights can be incorporated into the neoclassical model. One of the important things about his book is that it was a powerful challenge to practitioners of the standard model to begin moving in these directions. To some extent they have, but change has been slow. To my mind, economists have remained too wedded to the "comfortable" (i.e., traditional) approach, and are insufficient seekers of the "novelty" to be gained by new assumptions and modeling strategies.

Scitovsky as Prophet

Perhaps the most striking feature of this book, upon a contemporary rereading, is its prescience. Scitovsky anticipated nearly all the major themes of the last 15 years—novelty, addiction, and status being the most obvious.

The 1980s and 1990s witnessed a veritable explosion of research and writing on consumption and consumer society, after decades of neglect. For the most part economists have not participated in this wide-ranging literature, which includes the fields of sociology, anthropology, geography, the humanities, and media and cultural studies.[1] One of the most influential contributions was Colin Campbell's *The Romantic Ethic and the Spirit of Modern Consumerism*.[2] Campbell argues that the modern consumption experience is a process of novelty- and thrill-seeking, in which fantasy and daydreaming lead to acquisition and expenditure, followed inevitably by disappointment and a repetition of the cycle. From the "enchanted domain" of the shopping mall to theme parks to vacation clubs in the Caribbean (at places with names like Hedonism I and II), this kind of behavior seems pervasive. The characterization of the consumer as soaked in desire, fantasy, and hedonism is now standard fare in both more traditional sociological accounts (such as Campbell's) and the voluminous postmodern literature on consumer society. A decade before Campbell, Scitovsky anticipated this theme.

Addiction and habit formation are two more matters on which *The Joyless Economy* was very much ahead of its time. These topics

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are now being written about by economists (Becker and Murphy 1988) and consumer researchers (Hirschmann 1992, Scherhorn 1990), as well as being a topic of public preoccupation. Finally, Scitovsky's emphasis on status-seeking just predated the 1980s "decade of greed," with its designer-label boom and high levels of conspicuous consumption.

The Joyless Economy also gives us a superior explanation for the "harried leisure class" of Steffan Linder and Gary Becker (Linder 1970, Becker 1965). (Becker expressed the idea by writing of the rising goods-intensity of time.) Becker's and Linder's argument is that the rising value of time (caused by higher labor productivity) leads people to economize on time. A money-rich but time-poor leisure class will emerge, which crams ever more activities into a limited amount of leisure hours. While there is widespread agreement that this characterization fits contemporary society, I believe the Becker/Linder theory is of limited explanatory power. As an alternative, Scitovsky's model also predicts a rising goods-intensity of leisure, driven by the addiction to comfort and the search for novelty. His account can explain the escalation of time pressure in an era in which many Americans are experiencing declines, rather than increases, in their wages. By contrast, in the Becker/Linder model, declining wages should lead to a more leisurely pace of life, a prediction that does not square with the evidence of increased time pressure across the population (Schor 1994).

What's Wrong with Consumerism?[3]

My biggest frustration with *The Joyless Economy* is that I find its critique of consumer society rather ambivalent. Is it mainly a work of analysis and explanation—a better theory for understanding consumer motivation and the operation of modern economies? Is its critical role confined to the failings of the American consumer, as compared to her European counterpart, who is more demanding and energetic? Or is the book intended to mount a more profound critique of consumerism? If so, what is its central argument? That more is not necessarily better? Perhaps. But if so, exactly why not? Is the problem excessive comfort-seeking, zero-status competitions, a lack of consumer skills, or all of these? I must confess that part of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

my confusion is that I have never really understood the meaning of the book's title.

Scitovsky's argument is that the escalation of desires occurs on account of the consumer's search for novelty and the addictiveness of comfort. As we become habituated to our comforts, we also seek stimulation in new goods and services. So there are strong and continual pressures to increase our expenditures. The critique holds that we do not necessarily get satisfaction from this process. But here the ambivalence creeps in. For Scitovsky there is a strong biological dimension to this behavior. Is the problem just human nature? If so, there's little we can do about it. But this is a stronger claim than I think Scitovsky wants to make, and one that is hard to support, given existing evidence.[4]

On the other hand, Scitovsky does argue that context matters, that consumer skills make a difference, and that we can learn to be more demanding, more far-sighted, and less comfort-seeking. But how? Under what conditions? And if Americans did manage to become just like Europeans, would Scitovsky be satisfied? Or is there a less parochial dimension to his critique? Is the continuous escalation of consumer desires in itself a problem? My own view is that a less ambivalent, more analytically powerful, *structural* critique of consumer society is badly needed. While *The Joyless Economy* points us in the direction of such a critique, I do not believe that it is sufficiently worked out.

Of course, not everyone will agree that consumer society needs fixing. Most economists believe that it provides people with what they want, and are very reluctant to question people's consumer "choices." A recent paean to consumerism, Stanley Lebergott's *Pursuing Happiness* (1993), makes two implicit arguments: first, the commodities people buy have evidently made their lives better. And secondly, consumerism must be a good thing because people continue to participate eagerly in it.[5] But he, as well as nearly all the defenders of consumerism, never address the *real* question: Is there a superior (higher-quality) alternative to consumerism that is structurally blocked? If there is, the fact that people engage in consumerist behavior implies nothing about its overall desirability or optimality. It's the only game in town. Furthermore, supporters of the status quo rarely consider the non-market costs of consumer goods, since they assume that prices reflect all relevant costs. But this is little more than an ideological prejudice. Who is to say that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the market failures associated with the environment, hours of work, consumer information, or the social effects of consumerism are sufficiently small to ensure the superiority of the status quo?

My own prejudice (and I admit it is that) is that these market failures are enormous. The environmental impact of consumption is the most obvious example. The United States has the world's most environmentally damaging lifestyle, and there is an increasing consensus among scientists and ecologists that time is running out. We need to be weaned from artificially cheap food, air travel, meat, air conditioning, toxic chemicals, plastics, excessive packaging, and the mountain of garbage each of us creates each year. But to accomplish such a weaning, which goes to the heart of how we live our daily lives, we need a better understanding of what determines our behavior as consumers.

There are other factors that point to the need for a critique of consumerism. My own preoccupation has been the paucity of family and leisure time. Americans are pressed for time both because the continuous escalation of consumption norms necessitates dual-earner families, and because jobs are structured to require long hours. There are also social and cultural factors to consider. American culture is becoming increasingly commercialized, as advertising and marketing pervade schools (millions of children are forced to watch television commercials; school buses sport product advertisements), public arenas (sporting events become promotional vehicles; museums look like shopping malls), homes (telemarketers invade our privacy; junk mail fills our mailboxes), and the media (commercials, advertorials, and infomercials are crowding out content programming; editorial integrity is increasingly compromised).[6] The standard view never addresses how these developments affect the quality of the cultural environment.

In the search for a cogent critique of consumer society, earlier critics yielded inspiration but were often elitist, criticizing the mass character and popular taste of consumer culture.[7] Furthermore, the critics all too commonly pointed the finger at advertisers. This approach is hard to square with a serious look at the evidence: many products fail, advertising appears to be increasingly ineffective, and intense consumer desire exists both in areas with relatively little advertising (housing purchases) and among people who are relatively insulated from advertising.[8] As many commentators have pointed out, there's a lot more than advertising and marketing going on here.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Consumers are active and demanding. (One of the great virtues of *The Joyless Economy*, as compared to other critiques, is that the consumer is never portrayed as the dupe of corporate hucksters.)

A Structural Critique of Consumerism

Can there be an analytically coherent, non-elitist critique of consumer society? My suggestion is that the current system is biased toward excessive production of *private* consumption goods. Bias implies the existence of a market failure, or failure to attain the optimal allocation of resources over existing alternatives. That is, there potentially exists a superior equilibrium (in welfare terms) in which we have less private consumption and more of other things. What other things? The major alternatives with which I am concerned are public goods, savings, leisure time, and environmental preservation.[9] These are the things we do not produce enough of, because of the bias toward private consumables. (In fact, even among private consumer goods there is a bias toward certain types of goods, an issue to which I will turn in a minute.) There are two sources of this bias: the role of interpersonal comparisons in motivating consumers, and structural aspects of the labor market. I will address them in turn.[10]

The importance of social comparisons to consumers has long been noted (see Veblen 1899, Duesenberry 1949, Packard 1959, Hirsch 1976, and Frank 1985). Consumer motivation and satisfaction cannot be understood adequately from an asocial perspective, focusing on the inherent qualities and functions of goods. Rather, consumption is a deeply social process. In the consumer arena, meaning, identity, expectations, and desires are all socially constituted (see Douglas and Isherwood 1979, McCracken 1988, and Miller 1995, among others.) Furthermore, the social nature of consumption is structured by underlying inequalities of class, income, and the like, and consumer lifestyles are stratified by these socioeconomic variables (see Bourdieu 1984 and Schor 1998).

Thus, consumers derive satisfaction not so much from the absolute level of expenditures (an extra television set or a bigger house, as in the Lebergott story), but from how well their consumption compares to others' expenditures. The consumption process should be understood largely as a "positional competition"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(Robert Frank's term) in which people calibrate their consumer expectations and desires according to others' lifestyles. They try to "keep up with the Joneses," buy status goods, derive identity from where their purchases place them in the social hierarchy, gain comfort from belonging (Scitovsky's term), and so on. Therefore, utility is not defined by absolute (i.e., one's own) expenditures, but by one's own expenditures when compared to the average expenditures of some reference group. (Of course, proponents of this approach do not deny that goods provide utility independent of the social context; they claim only that the comparison aspect of utility is very important for a large class of goods.) Who is in the reference group? For Veblen it is others of the same social class; for Duesenberry, who had a homogeneous suburban model in mind, it is the neighbors. In my understanding of the contemporary situation, the major comparison groups are friends, coworkers, and the lifestyles portrayed on television (Schor 1997).

Two features of this positional competition need to be highlighted. First, it is often a zero-sum game (because the goal is attaining a relative rather than an absolute position). The Prisoners' Dilemma applies.[11] Consumers who increase their material standard of living may not be better off, because their relative position may be unchanged or may even have worsened. In the United States, growing inequality of income and wealth over the last 20 years has made the vast majority of Americans worse off positionally, even as their consumption continues to rise. Everyone could be made better off if the intensity of positional competition were to fall.

Second, positional competitions do not take place equally around all types of goods and services. They occur in the realm of socially visible goods, for which information about ownership and use is obvious. These so-called "status goods" (classic examples are cars, apparel, jewelry, houses, and even food) allow for ease of comparison in ways that savings accounts, insurance policies, and mattresses do not. Of course, the social visibility of a good or service is not purely a matter of the qualities inherent in the good. Marketers devote tremendous efforts to *making* goods visible, as we see in the rise of designer logos on everything from eyeglasses to bottled water. Furthermore, social forms of information sharing (conversational mores, basically) can turn expenditures on nondurable goods into publicly visible commodities, so that tourist destinations,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

beauty salons, and health club memberships can become important sources of social status.[12]

Because not all types of goods are amenable to positional competitions, we get overproduction of those goods which are and underproduction of those which are not.[13] Of the five types of goods which I noted above—private consumption, public consumption, savings, leisure, and the environment—only the first has typically figured in positional consumption. Public consumption and the environment are by nature shared goods; *ipso facto*, no positional competitions can occur over them. Savings and leisure time tend to be invisibles. There are cultural taboos about discussing the size of one's bank account, and of course the inability to verify such claims makes savings an flawed object of competition. Leisure time is more visible than savings, but less so than publicly consumed durables, such as cars and apparel. Furthermore, within the category of private consumption goods, there is a bias to visible expenditures, at the expense of social invisibles (e.g., mattresses, furnaces).

This perspective allows us to explain a variety of contemporary trends. A more unequal income distribution has led to intensified positional competition, as the upper middle class experienced a growing gap between its standard of living and that of the rich. Luxury status consumption accelerated in the 1980s, and rippled down through the income hierarchy. This resulted in increased resistance to public expenditures and a squeeze on invisibles, particularly savings for college tuition and retirement. The deterioration of public goods created additional pressures on private consumption. By the 1990s, anecdotal and survey evidence points to large numbers of people dropping out of the status competition, becoming "downshifters" (Schor 1998).

The prevalence of downshifting, defined as a voluntary reduction in income and/or hours of work, raises the second major source of bias, which is the structure of the labor market. I argued in *The Overworked American* (1992) that capitalist economies are biased toward output and away from leisure because employers set hours of work and do not give workers the choice of reducing their hours when productivity growth occurs. Employers have a long history of opposing shorter hours and in the contemporary period they retain a very high degree of control over work schedules and total hours. They "charge" workers a large premium for a short-hours job, in terms of lower wages, less career mobility, and reduced fringe bene-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fits. To reduce their hours, employees have typically changed careers, quit jobs, or stopped participating in the paid labor force. Good part-time options have been rare, particularly for men. Thus, the absence of a market in work hours creates a bias toward using productivity growth to raise income rather than reduce hours. Why do people not save this income to retire earlier, take unpaid leaves, and the like? Because of positional pressures that discourage saving.

The tremendous efforts expended by businesses to get people to buy their products are not unimportant. They certainly matter. But even without them, I believe we would have a problem of excessive private consumption. What advertising and promotion do is direct positional competition into the sphere of private consumption, intensify it, and accelerate it.[14]

Clearly, the power of this critique depends on the size of the biases, and their effects. I believe the latter are empirically important, particularly the ecological and temporal effects. Other problems associated with consumerism include high levels of household debt and bankruptcy; compulsive shopping; consumption-driven crime (e.g., killing for sneakers); addictive and compulsive behavior in the consumption of food, alcohol, and drugs; and trends to homogeneity in retailing and in the cultural environment more generally. There is also a possible link between consumerism and the disintegration of community and structures of meaning in modern life.[15]

Most intellectuals, politicians, and citizens remain committed to consumerism as an ideology and way of life. But signs of dissatisfaction are everywhere: in public opinion polls, "voluntary simplicity" study circles, downshifting, and the nascent anticonsumerism movement.[16] The next five years should produce a vibrant public debate on these issues. And the insights of *The Joyless Economy* are likely to be at the heart of it.

NOTES

1. A recent, comprehensive survey of the new literature in these fields and others is Miller 1995. See also Lee 1993 and Campbell 1991.
2. Campbell's account is remarkably Scitovskian, although Campbell pays Scitovsky scant credit. Campbell argues that modern consumption takes on a special character because it occurs only after biological desires such as hunger or the need to keep warm and dry have been fulfilled. The assured satisfaction of these fundamental desires means that modern consumers

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

need to invent new desires to satisfy. These are constructed through fantasy and day-dreaming, which form the first stages of a repeating cycle of dreaming, desiring, acquiring and disillusionment. Novelty-seeking is inherent in the process because the reality of the good or experience never meets the expectations generated by the fantasy that produced the desire for it. Thus, in Campbell's view, modern acts of consuming are typically associated with disillusionment and a repetition of the process with another good or experience. See Campbell 1987, 1991, and 1994.

3. By consumerism I do not mean the consumer rights movement, but the ideology and way of life centering around modern consumption practices.
4. For a critique of the human nature position, see Dittmar 1992.
5. While his argument is never phrased in theoretical terms, I believe it boils down to this simplistic (and logically unsupportable) view. Lebergott attacks some of the arguments of leading major critics of consumerism, including Scitovsky. However, he fails to confront what I believe are the more powerful arguments found in the work of Duesenberry 1949, Hirsch 1976, and Frank 1985. He also fails to address the theoretical arguments of Schor 1992.
6. For a discussion of the commercialization of culture, and documentation on most of these examples, see Jacobsen and Mazur 1995.
7. See, for example, Galbraith 1958. The critics can be easy targets, as we see from Lebergott's snide discussion. Lebergott and other uncritical defenders of consumerism fail to take seriously the Prisoners' Dilemmas associated with rising incomes; the environmental, temporal, and other costs of consumerism; and the problem Scitovsky identifies: that more is not necessarily better.
8. See Ewen 1988 and, for a critique of the manufactured needs view, Schudson 1984.
9. Culture and social externalities are other important issues which I do not discuss here.
10. Frank 1985 makes the argument about the welfare effects of positional competitions. Schor 1992 argues that there is market failure in the labor market.
11. I say often, because there are also external benefits that may be generated in the course of playing the game. Scitovsky discusses some of these.
12. See Chao and Schor 1996 and Schor 1998 for further discussion of these issues.
13. See Frank 1985 for discussion of this point in various contexts.
14. Scitovsky's view of these issues is somewhat different than mine. For him, the urge to belong and status-seeking are subsets of the striving for comfort and for novelty, respectively. There is an escalation of needs as we become addicted to both comfort goods and status. My own inclination is to reverse the emphasis, and to think of novelty-seeking as an element of status competition. But we both agree on the importance of these two concepts, and I think Scitovsky would agree that empirical research is the way

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to settle the question. Where I have perhaps departed most from Scitovsky is in emphasizing distinctions among private consumption goods.

15. The literature contains differences of opinion here. Critics typically cite community and meaning as casualties of consumerism. This view is disputed by Miller 1995. Serious research on these issues is needed.
16. Voluntary simplicity study groups have sprung up around the country, particularly in Seattle and Portland. The nascent anti-consumerism movement includes groups such as the Center for the Study of Commercialism, *Adbusters* magazine and its "Buy Nothing Day," the Cultural Environment Movement, TV-Free America and Unplug!, and the Center for a New American Dream. (See Schor 1998).

REFERENCES

Becker, Gary. 1965. "A Theory of the Allocation of Time." *Economic Journal* 75: 493–517.

Becker, Gary, and Kevin Murphy. 1988. "A Theory of Rational Addiction." *Journal of Political Economy* 96(4): 675–700.

Bourdieu, Pierre. 1984. *Distinction: A Social Critique of the Judgement of Taste.* Cambridge, Mass.: Harvard University Press.

Campbell, Colin. 1987. *The Romantic Ethic and the Spirit of Modern Capitalism.* New York: Basic Blackwell.

Campbell, Colin. 1991. "Consumption: The New Wave of Research in the Humanities and the Social Sciences." *Journal of Social Behavior and Personality* 6(6).

Campbell, Colin. 1994. "Consuming Goods and the Good of Consuming." *Critical Review* 8(4): 503–20.

Chao, Angela, and Juliet B. Schor. 1996. "Empirical Tests of Status Consumption: The Case of Women's Cosmetics." Working Paper, WORC/University of Tilburg, Netherlands.

Dittmar, Helga. 1992. *The Social Psychology of Material Possessions.* New York: St. Martin's Press.

Douglas, Mary, and Baron Isherwood. 1979. *The World Of Goods.* New York: Basic Books.

Duesenberry, James. 1949. *Income, Saving, and The Theory of Consumer Behavior.* Cambridge, Mass.: Harvard University Press.

Ewen, Stuart. 1988. *All Consuming Images* (New York: Basic Books).

Frank, Robert. 1985. *Choosing the Right Pond.* New York: Oxford University Press.

Galbraith, John Kenneth. 1958. *The Affluent Society.* Boston: Houghton-Mifflin.

Hirsch, Fred. 1976. *Social Limits to Growth.* Cambridge, Mass.: Harvard University Press.

Hirschmann, Elizabeth. 1992. "The Consciousness of Addiction: Toward a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

General Theory of Compulsive Consumption." *Journal of Consumer Research* 19 (September): 155–79.

Jacobsen, Michael F., and Laurie Mazur. 1995. *Marketing Madness*. Boulder: Westview Press.

Lebergott, Stanley. 1993. *Pursuing Happiness*. Princeton: Princeton University Press.

Lee, Martyn J. 1993. *Consumer Culture Reborn*. London: Routledge.

Linder, Staffan B. 1970. *The Harried Leisure Class*. New York: Columbia University Press.

McCracken, Grant. 1988. *Culture and Consumption*. Bloomington: Indiana University Press.

Miller, Daniel, ed. 1995. *Acknowledging Consumption*. New York: Routledge.

Packard, Vance. 1959. *The Status Seekers*. New York: D. McKay Co.

Scherhorn, Gerhard. 1990. "The Addictive Trait in Buying Behavior." *Journal of Consumer Policy* 13 (March): 33–52.

Schor, Juliet B. 1992. *The Overworked American*. New York: Basic Books.

Schor, Juliet B. 1994. "American Families and the Shortage of Time." Unpublished mimeo, Harvard University.

Schor, Juliet B. 1998. *Beyond Consumerism* (tentative title). New York: Basic Books, forthcoming.

Scitovsky, Tibor. 1992. *The Joyless Economy*, rev. ed. New York: Oxford University Press.

Schudson, Michael. 1984. *Advertising: The Uneasy Persuasion*. New York: Basic Books.

Veblen, Thorstein. 1899. *The Theory of the Leisure Class*. New York: Macmillan.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ronald Inglehart

THE DIMINISHING UTILITY OF ECONOMIC GROWTH: FROM MAXIMIZING SECURITY TOWARD MAXIMIZING SUBJECTIVE WELL-BEING

ABSTRACT: *Twenty years ago, Tibor Scitovsky questioned the assumption, embedded in neoclassical economics, that human happiness will be augmented if the level of consumption either rises or becomes more uniform over time. Evidence from the 1990–1993 World Values Survey suggests that his doubts were well-founded: although economic gains apparently make a major contribution to subjective well-being as one moves from societies at the subsistence level to those with moderate levels of economic development, further economic growth seems to have little or no impact on subjective well-being. This transition seems to reflect a basic cultural change that results in the diminishing marginal utility of economic growth.*

A new worldview is gradually replacing one that has dominated Western society since the Industrial Revolution. The consequences of this transformation are still taking shape, and elements of the

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Ronald Inglehart, Department of Political Science and Institute for Social Research, University of Michigan, 3067 ISR, Ann Arbor, MI 48106, telephone (313) 936-1767, telefax (313) 764-3341, is coordinator of the World Values Surveys and author, most recently, of *Culture Shift in Advanced Industrial Society* (Princeton, 1990), (with Paul Abramson) *Value Change in Global Perspective* (Michigan, 1995), (with Neil Nevitte and Miguel Basanez) *The North American Trajectory: Social Institutions and Social Change* (Aldine de Gruyter, 1996), *Cross-Cultural Sourcebook* (Michigan, 1996), and *Modernization and Postmodernization: Cultural, Economic and Political Change in 43 Socities* (Princeton, 1997).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

older culture are still widespread, but the major features of the new pattern can be discerned.

This shift in worldview springs from the fact that there is a fundamental difference between growing up with an awareness that survival is precarious, and growing up with the feeling that one's survival can be taken for granted.

The urge to survive is common to all creatures, and normally survival is precarious. This reflects a basic ecological principle: the population of any organism tends to rise to meet the available food supply; it is then held constant by starvation, disease, or predators. This principle has governed the lives of all organisms, including humanity until very recently.

Over the last several thousand years, culture has gradually constrained the competition for survival among human beings. Despite enormous variations from one society to another, virtually all traditional societies established cultural norms that limited the use of violence and repressed aspirations for social mobility. On one hand, they emphasized sharing and charity among those who were relatively well-off, stigmatizing accumulation as greed; and on the other hand, they justified acceptance by the poor of the existing social order. Furthermore, cultural norms limiting reproduction softened the ruthless competition for survival that overpopulation brought.

Four centuries ago, religious changes in Protestant Europe began to reverse the cultural stigma against economic accumulation, and a materialistic worldview began to spread. Using new technology and organizational techniques, production began to outpace population growth. Nevertheless, well into the twentieth century, severe economic scarcity still prevailed widely; the Marxist view that people and history were motivated primarily by the struggle for economic goods was a fairly accurate first approximation of the driving force behind industrialization.

The economic miracles and the welfare states that emerged after World War II gave rise to a new stage of history, culminating in the rise of postmodern values. Fundamental changes in formative experiences have given rise to a distinct value system among a growing segment of those raised in advanced industrial societies during the years since World War II. The postwar birth cohorts in these societies grew up under conditions profoundly unlike those that shaped previous generations of human beings in two respects. First, the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

postwar economic miracles produced literally unprecedented levels of prosperity. Real per capita income in most industrial societies rose to levels several times as high as had ever been experienced before the war, and in some cases (such as Japan) to levels 20 or 30 times higher than ever before. The economic pie became much bigger; this alone would have tended to encourage a greater sense of economic security.

The impact of unprecedented prosperity interacted with a second factor: the emergence of the modern welfare state. A sense of existential security, not absolute wealth, is the crucial variable in the emergence of Postmaterialism, and the welfare state, combined with economic growth, produced this sense of security. The pie was not only much bigger than ever before, but it was distributed more evenly and more reliably than before. For the first time in history, a large share of the masses grew up with the feeling that survival could be taken for granted.

This led to a process of intergenerational value change that is gradually transforming the politics and cultural norms of advanced industrial societies. The best-documented aspect of this process is the shift from giving top priority to economic and physical security toward giving it to self-expression and the quality of life. This shift from Materialist to Postmaterialist priorities has been measured annually since 1970 in surveys carried out in a number of Western societies.[1] A massive body of evidence is now available demonstrating that an intergenerational shift has been taking place in the predicted direction. This has brought new political issues to center stage and provided much of the impetus for new political movements.

More recent research indicates that Postmaterialism is only one aspect of a still broader process of cultural change that is reshaping the political outlook, religious orientations, gender roles, and sexual mores of advanced industrial society (Inglehart 1990). These changes are related to a common concern: the need for a sense of security that religion and absolute cultural norms have traditionally provided. Since one's fate is no longer so heavily influenced by unpredictable forces as it was in agrarian and early industrial society, traditional religion and morality founded on existential insecurity have begun to give way to Postmodern orientations that place less emphasis on traditional cultural norms—especially those norms that limit individual self-expression.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Diminishing Marginal Returns from Economic Development

Though culture shapes economic and political life, it is equally true that major socioeconomic changes reshape culture. The shift from modernization to Postmodernization reflects the diminishing marginal utility of economic determinism: economic factors tend to play a decisive role under conditions of economic scarcity, but as scarcity diminishes, other factors shape society to an increasing degree. Thus, culture adapts to a given environment.

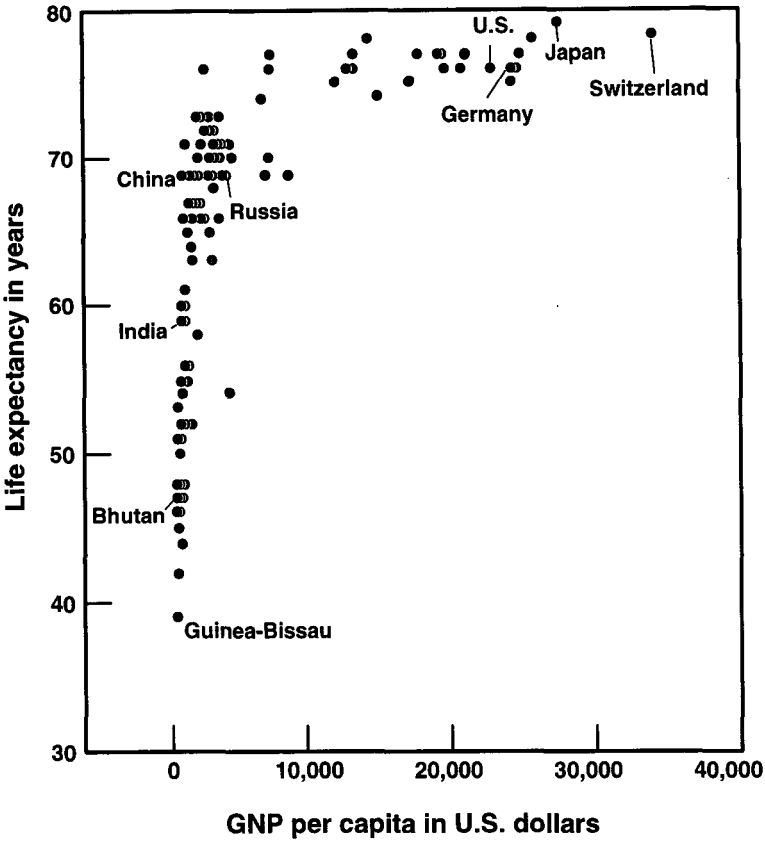
Figure 1 illustrates the diminishing impact of economic development on human life expectancy. As it demonstrates, life expectancy is closely linked to a nation's level of economic development, especially at the low end of the economic continuum. The people of poor nations have relatively short average life spans. Guinea-Bissau falls at the low end of the spectrum on both income and life expectancy, with a per-capita gross national product of $180 and a life expectancy of 39 years. Just above this level is a cluster of nations having per-capita GNPs of less than $300 and life expectancies of about 45 years. Next comes a group of societies with per-capita incomes of $1,000 to $3,000 and life expectancies of 60 to 75 years. At the high end of the spectrum, Japan and Switzerland have per-capita GNPs of $28,000 and $33,000 and life expectancies of 79 and 78 years, respectively—twice that of Guinea-Bissau. A cross-national relationship like this does not always reflect developmental change, but in this case it does: historical evidence demonstrates that life expectancies do increase as economic development takes place.

The curve rises steeply with relatively modest increases in wealth, until it reaches about $3,000 per capita. Thereafter, the curve levels off. Economic factors become less decisive, and lifestyle factors more so. Among the poorer nations in Figure 1, GNP per capita explains 51 percent of the variance in life expectancy; among the richer half it accounts for only 15 percent. There is still a good deal of cross-national variation, but longevity becomes less and less a question of adequate nutrition and sanitary facilities, and more and more a question of cholesterol intake, tobacco and alcohol consumption, exercise, levels of stress, and environmental pollution. Increasingly, life expectancy is determined by behavioral patterns, rather than by economics.

Some striking recent cultural phenomena can be interpreted as a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 1. Economic Development and Life Expectancy



Mean life expectancy at birth, by GNP per capita in 124 countries.

Source: Data from World Bank, *World Development Report, 1993* (New York: Oxford University Press, 1993).

rational response to this shift from economic factors to life-style factors as the main determinants of survival. For example, a generation ago, Americans were notorious for their unwillingness to walk even short distances. Some people jokingly claimed that the next generation would be born with wheels instead of legs. It didn't work out that way. Quite the contrary, two decades later jogging and emphasis on physical fitness became widespread. The intensifying concern for avoiding fatty foods, cholesterol, and food additives; an increasingly

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

successful movement to reduce environmental pollution and to ban smoking in public places; and a growing interest in less stressful lifestyles all reflect a spreading awareness that today, longevity has more to do with how one lives than with sheer income.

The leveling off of the life-expectancy curve does not seem to reflect a life-span ceiling. In 1975 only a few nations had male life expectancies above 70 years, but in the ensuing years life expectancies in most nations went up by several years. By 1990, female life expectancy in Switzerland and Japan had risen above 80 years, and this almost certainly does not represent the ultimate biological ceiling. In advanced industrial society, the most rapidly growing demographic segment consists of those 100 years of age and higher.

Most developed nations still have considerable room for improvement—but changes in life expectancy are no longer as closely tied to economic development as they were when starvation was the leading cause of death. Thus, male life expectancy in the former Soviet Union declined sharply during the 1970s and 1980s and continued to fall after the collapse of the USSR. In large part, this seems to reflect cultural-historical factors, such as rising alcoholism rates and psychological stress. By contrast, East Asian countries have long been overachievers in life expectancy. China, North Korea, South Korea, Taiwan, Hong Kong, and Japan (now the world leader in life expectancy) all have historically shown higher life expectancies than their economic level would predict. The remnants of the Soviet Union have shown the opposite tendency: for decades, nearly all of them have shown lower life expectancies than their economic level would predict. Recent changes have accentuated these tendencies to the point where, although Russia's GNP per capita is still much higher than China's, China now shows a higher life expectancy than Russia. The reasons are complex, but they seem to have a significant cultural component, with a tradition of alcohol abuse depressing the life expectancy of Russian males, while the low-cholesterol diet traditionally prevalent in East Asia may elevate life expectancies in that region.

As our diminishing-returns hypothesis implies, a logarithmic transformation of GNP per capita shows a much better fit with life expectancy than does a linear model. Figure 1 shows untransformed GNP per capita in order to demonstrate the diminishing impact of economic gains. Similar patterns of diminishing returns from economic development are found with numerous other social

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

indicators. Caloric intake, literacy rates, the number of physicians per capita, and other objective indicators all rise steeply at the low end of the scale, but level off among advanced industrial societies. In short, a narrow focus on economic achievement has a tremendous payoff in the early stages of industrialization: the quest for material gains linked with modernization had high rewards. But when a society reaches a fairly high level of industrialization (at a per-capita GNP of $6,000 to $7,000 in 1990 dollars) it reaches a point of diminishing returns.

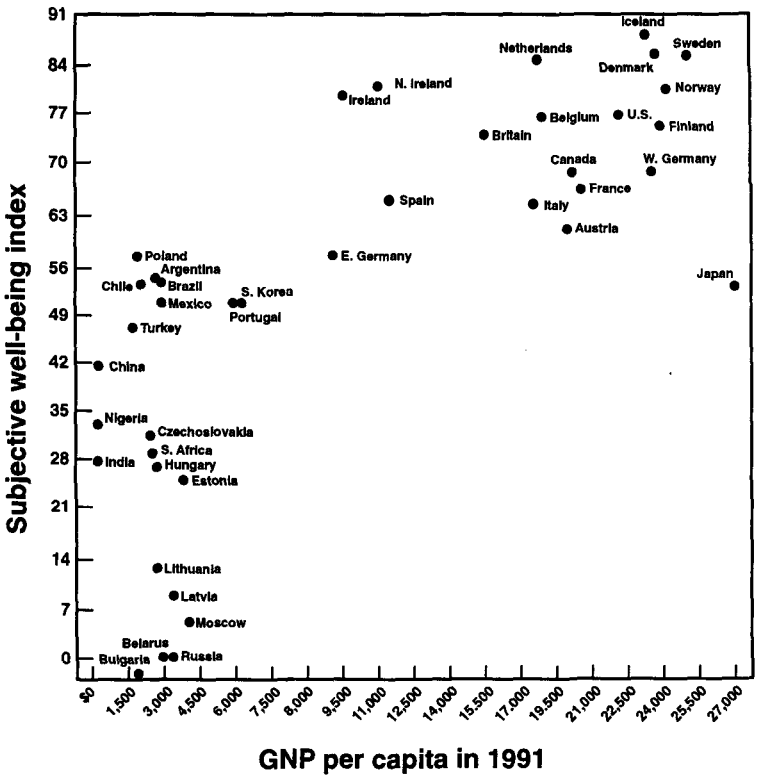
This pattern of diminishing marginal returns from economic development is not limited to objective aspects of life, such as caloric intake and life expectancy. New evidence from the 1990 World Values Survey indicates that the pattern applies to subjective well-being, too. Figure 2 demonstrates this point. It is based on the responses of 43 publics to questions concerning their happiness and satisfaction with their lives as a whole—questions that have been shown to be excellent indicators of overall subjective well-being and of relatively stable cultural characteristics (Andrews and Withey 1976; Inglehart 1990, ch. 7).

As one might expect, subjective well-being rises with rising levels of economic development: the people of rich and secure societies such as Sweden are happier and more satisfied with their lives as a whole than are those living in societies where disease and starvation are widespread, such as India. The overall relationship has impressive strength ($r=.74$). But here again, we find a marked leveling-off above a certain threshold. This effect is so pronounced that earlier studies, carried out mainly in rich societies, concluded that there was no cross-national relationship between economic development and subjective well-being. Above a threshold of about $6,000 (in 1991 dollars), there *is* virtually no relationship between wealth and subjective well-being. Thus, the Irish show a higher level of subjective well-being than the West Germans, though the latter are more than twice as rich; and the South Koreans show subjective well-being levels as high as the Japanese, although the Japanese are more than four times as rich.

Our interpretation here is more speculative than it was with the relationship between economic development and life expectancy. We know for certain that numerous objective indicators (such as calories consumed per person, telephones per capita, automobiles per capita and human life expectancy) follow a curve of diminish-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 2. Economic Development and Subjective Well-Being



N=40 r=.74 p<.00001

The subjective well-being index reflects the average between (1) the percentage of the public in each country that describes itself as "very happy" or "happy," minus the percentage that describes itself as "not very happy" or "unhappy;" and (2) the percentage placing itself in the 7–10 range, minus the percentage placing itself in the 1–4 range, on a 10-point scale on which "1" indicates that a respondent is strongly dissatisfied with his or her life as a whole, and "10" indicates that the respondent is highly satisfied with his or her life as a whole.

Source: Subjective well-being data from 1990–1991 World Values Survey; GNP per capita data from World Bank, *World Development Report, 1993* (New York: Oxford University Press, 1993).

ing returns: ample historical data demonstrate that as given societies underwent economic development, all of these things increased sharply at first, but then reached a point of diminishing returns, with further economic growth producing only modest increases. But we simply do not have this kind of historical information con-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cerning the relationship between economic development and subjective well-being; the latter only began to be measured a few decades ago, and until recently it was measured only in a handful of rich Western societies. The 1990 World Values Survey was the first study to measure it in representative national samples of a majority of the world's population.

One possible interpretation of Figure 2 would be that the pattern has nothing to do with economic development: for some reason (perhaps cultural or climatic or geographic), Nigeria, India and Russia may have *always* ranked low on subjective well-being; while Sweden, Denmark and The Netherlands may have always had high levels of well-being, for reasons having nothing to do with economic development.

We cannot disprove this interpretation, but it seems extremely unlikely. The relationship between economic development level and subjective-well being is remarkably strong, and is significant at the .00001 level: it could scarcely have resulted from sheer chance. Furthermore, the linkage between economic level and subjective well-being manifests itself not only at the cross-national level but also within given societies: as common sense might lead one to expect, people with high incomes tend to have higher levels of subjective well-being than those with low incomes. Moreover, East and West Germany provide a sort of controlled experiment, in which nationality and culture are held relatively constant. As we would expect, in East Germany, the public shows substantially lower levels of well-being than in West Germany, where per-capita income is much higher. The East German "experiment" also helps explain why the impact of economic development eventually levels off: in terms of what they consider important, economic factors (such as income) rank much higher among East Germans than among West Germans; and conversely, non-economic aspects of life (such as leisure time) are considered much more important by the West Germans than by the East Germans (Statistisches Bundesamt 1994, 441).

The hypothesis that prosperity and security are conducive to subjective well-being is further supported by the extremely low levels of well-being shown by the ex-Soviet societies. As noted above, one might attribute this finding to something inherent in Slavic (and Baltic) culture, or to something inherent in the Soviet type of socialism. But a much more obvious interpretation would be that it is linked with the disintegration of the economic, political, and social

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

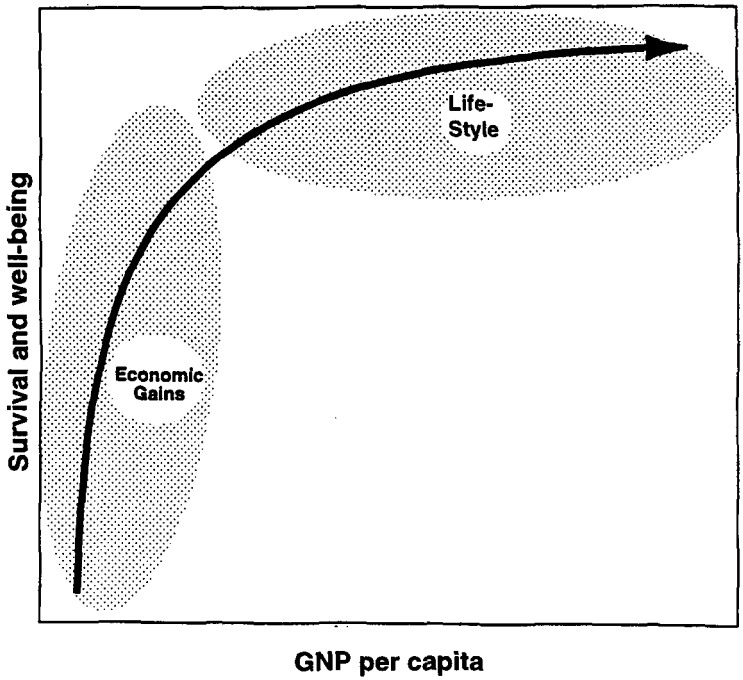
fabric of these societies, which was taking place when these surveys were carried out in 1990. In the 1981 World Values Survey, a sample from the Tambov region of Russia showed relatively low levels of subjective well-being; but the levels found in 1990 are lower than any ever registered before, either in the Tambov region of Russia or in any other country. We should note that these phenomenally low levels of subjective well-being manifested themselves before the political disintegration of the Soviet Union in December, 1991: they were a leading indicator of deep-rooted demoralization and dissatisfaction among the masses, and not simply a response to political collapse. Our interpretation is that in 1990, the Soviet successor states were experiencing a profound malaise.

Until we have a longer time series, it will not be possible to conclusively prove or disprove the hypothesis that economic growth is conducive to increased subjective well-being while eventually reaching a point of diminishing returns. But this view is supported by the fact that, among prosperous European Union societies, subjective well-being has been roughly constant since 1973: while it has risen slightly in some of these societies (e.g., West Germany) and fallen slightly in others (e.g., Belgium), there is no clear overall trend. Within wealthy societies, it appears, the correlation between income and subjective well-being is relatively weak: the rich are slightly happier and more satisfied than the poor, but only to a modest extent (Andrews and Withey 1976; Campbell, Converse, and Rodgers 1976; Inglehart 1990). In societies where a higher income may make the difference between survival and starvation, on the other hand, income is a pretty good first approximation of what well-being really means.

As Figure 2 suggests, the transition from a society of scarcity to a society of security brings a dramatic increase in subjective well-being. But we find a threshold (at roughly the economic level of Ireland in 1990) where economic growth no longer seems to increase subjective well-being significantly. This may be linked with the fact that at this level, starvation is no longer a real concern for most people. Survival begins to be taken for granted. Significant numbers of Postmaterialists begin to emerge and for them, further economic gains no longer produce an increase in subjective well-being. Indeed, if further economic growth brings deterioration in the nonmaterial quality of life, it may actually lead to lower levels of subjective well-being. The stage is set for the postmodern shift to begin.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 3. Economic Development Leads to a Shift in Survival Strategies



From a rational actor's perspective, one would expect economic development eventually to bring a shift in survival strategies. Figure 3 suggests how this works. At low levels of economic development, even modest economic gains bring a high return in terms of caloric intake, clothing, shelter, medical care, and, ultimately, life expectancy itself. For individuals to give top priority to maximizing economic gains, and for a society to give top priority to economic growth, is a highly effective survival strategy. But once a society has reached a certain threshold of development—at about the level where the Soviet Union was before its collapse, or where Portugal and South Korea are today—further economic growth brings only minimal gains in both life expectancy and in subjective well-being. There is still a good deal of cross-national variation, but from this point on non-economic aspects of life become increasingly important influences on how long, and how well, people live. Beyond this point, a rational strategy would be to place increasing emphasis on

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quality-of-life concerns, rather than to continue the inflexible pursuit of economic growth as if it were a good in itself. Instrumental rationality begins to give way to value rationality.

Normally, culture changes slowly; but it does eventually respond to a changing environment. Changes in the socioeconomic environment help reshape individual-level beliefs, attitudes, and values through their impact on the life experience of individuals. Cultures do not change overnight. Once they have matured, people tend to retain whatever worldview they have learned. Consequently, the impact of major changes in the environment tends to be most significant on those generations that spent their formative years under the new conditions.

The best-documented instance of this phenomenon is the shift from Materialist to Postmaterialist values in Western societies during the last few decades. (Comparable data are available for few if any other cultural variables, but there is no reason to assume that this pattern does not apply to changes in other basic values.) This intergenerational cultural change is one of the few cases in which we can follow a gradual cultural shift based on intergenerational population replacement, through times of prosperity and times of recession, and under widely varying conditions in different societies.

Culture is resistant to change, partly because people tend to believe whatever their society's institutions teach them. But one's worldview is also influenced by one's first-hand experience—and if the two are in conflict, one's experience may have even greater credibility than what one has been told. (This is one reason why political systems, even totalitarian ones, have limited ability to reshape their cultures.) People are sensitive to those aspects of reality that directly affect them. This was crucial in the shift toward Postmodern values. The younger birth cohorts in advanced industrial societies perceived, during their formative years, that survival was *not* precarious and that they could take it more or less for granted. Their experience was profoundly different from the conditions that have shaped most people's lives throughout history. It seems to have led to pervasive changes in worldviews. For these birth cohorts, maximizing economic gains no longer maximized subjective well-being, as it had for earlier generations.

People did not consciously set out to change their worldviews. New outlooks and new modes of behavior, like random mutations, arose for a variety of reasons—and some of them spread. Even

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

within a given birth cohort, many continued to accept the established norms of industrial society; but others took on new orientations, and transmitted them to some of their peers through social learning processes. The new life-styles have spread gradually. In the last analysis, they have done so because they represent more effective ways to maximize survival and subjective well-being under new conditions. At a much earlier stage of history, new norms linked with the rise of modern society (such as the Protestant Ethic) gradually spread in somewhat similar fashion. We lack detailed information on how the shift toward the Protestant Ethic took place, but it seems to have occurred more slowly than the rise of Postmodern values, which in some ways represents its reversal. In both cases, culture was gradually altered by changes in the socioeconomic environment; and these cultural changes eventually produced feedback that helped reshape political and economic life.

Postmodernization is a change in survival strategies. It involves the shift from maximizing economic growth to maximizing well-being through life-style changes. Modernization focused on rapid economic growth as the best way of maximizing survival and well-being. But no strategy is optimal for all times. Modernization was dramatically successful in raising life expectancies, but it has begun to produce diminishing returns in advanced industrial societies. It reduces the risk of starvation, but by emphasizing competition, it increases psychological stress. With the transition from Modernization to Postmodernization, the trajectory of change has shifted from maximizing economic growth to maximizing the quality of life.

A Theory of Value Change

Underlying the foregoing analysis is a theory of intergenerational value change based on two key hypotheses (Inglehart 1977). The *scarcity hypothesis* holds that an individual's priorities reflect the socioeconomic environment: one places the greatest subjective value on those things that are in relatively short supply. The *socialization hypothesis* holds that values do not immediately respond to changes in the socioeconomic environment: a substantial time lag is involved because, to a large extent, one's basic values reflect the conditions that prevailed during one's preadult years.

The scarcity hypothesis is similar to the principle of diminishing

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

marginal utility in economic theory. The complementary concept of a need hierarchy (Maslow, 1954) helped shape the survey items used to measure value priorities. The fact that unmet physiological needs take priority over social, intellectual, or esthetic needs has been demonstrated all too often in human history: starving people will go to almost any lengths to obtain food. The rank ordering of human needs varies as we move beyond those needs directly related to survival; thus, Maslow's hierarchy does not hold up in detail. But there does seem to be a basic distinction between "material" needs for physiological sustenance and safety, and nonphysiological needs such as those for esteem, self-expression, and esthetic satisfaction.

The recent economic history of advanced industrial societies has significant implications in the light of the scarcity hypothesis. For although these societies still contain poor people, most of their population does *not* live under conditions of hunger and economic insecurity. We would expect prolonged periods of high prosperity to encourage the spread of Postmaterialist values.

But it is not quite that simple: there is no one-to-one relationship between prosperity and the prevalence of Postmaterialist values, for these values reflect one's *subjective* sense of security, not economic performance per se. While rich individuals and nationalities tend to feel more secure than poor ones, these feelings are also influenced by the cultural setting and social institutions in which one is raised. Thus, the scarcity hypothesis must be combined with the socialization hypothesis.

One of the most pervasive observations in social science is the notion of a basic human personality structure that tends to crystallize by the time an individual reaches adulthood, with relatively little change thereafter. This has been noted by authors ranging from Plato to Freud and it is confirmed by contemporary survey research. Early socialization seems to carry greater weight than later socialization.

This doesn't imply that no change occurs during adult years. In individual cases, dramatic behavioral shifts are known to occur, and the process of human development never comes to a complete stop (Erikson 1982). Nevertheless, human development seems to be far more rapid during the preadult years than afterward, and the great bulk of the evidence points to the conclusion that the statistical likelihood of basic personality change declines sharply after one

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reaches adulthood (Block 1981; Costa and McCrae 1980; Jennings and Niemi 1981; Jennings and Markus 1984).

Taken together, the scarcity and socialization hypotheses generate a clear set of predictions concerning value change. First, while the scarcity hypothesis implies that prosperity is conducive to the spread of Postmaterialist and Postmodern values, the socialization hypothesis implies that neither an individual's values nor those of a society as a whole are likely to change overnight. Instead, fundamental value change should take place gradually, as younger generations replace older ones.

Consequently, after a period of sharply rising economic and physical security, one would expect to find substantial differences between the value priorities of older and younger groups: they would have been shaped by different experiences in their formative years. But there would be a sizable time lag between economic changes and their political effects. Ten or fifteen years after an era of prosperity began, the age cohorts that had spent their formative years in prosperity would begin to enter the electorate. A decade or so might pass before these groups began to occupy positions of power and influence in their society; another decade or so before they reached the top level of decision making. But their influence would become important long before this final stage, especially because Postmaterialists tend to be more highly educated, more articulate, and politically more active than Materialists.

At the time of our first surveys, in 1970-71, Materialists held an overwhelming numerical preponderance over Postmaterialists, outnumbering them by nearly four to one. By 1990, the balance had shifted dramatically, to a point where Materialists outnumbered Postmaterialists by only four to three. Projections based on population replacement suggest that by the year 2000 Materialists and Postmaterialists will be about equally numerous in many Western countries (Abramson and Inglehart 1992).

Postmaterialists are not non-materialists; still less are they anti-materialists. The term *Post*materialist denotes a set of goals that are emphasized *after* people have attained material security, and *because* they have attained material security. Thus, the collapse of security would be expected to lead to a gradual shift back toward materialist priorities. The emergence of Postmaterialism does not reflect a reversal of polarities, but a change of *priorities*. Postmaterialists do not place a negative value on economic and physical security—they value them

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

positively, like everyone else—but unlike Materialists, they give even higher priority to self-expression and the quality of life.

Thus, for example, the emerging emphasis on quality-of-life issues is being superimposed on the older, class-based cleavages of industrial society (Inglehart 1977, 179–261). Class voting has by no means disappeared (and is unlikely to do so). But while the old class-based polarization over ownership and control of the means of production once dominated politics, it is increasingly sharing the stage with new Postmaterialist issues. Both industrial and preindustrial cleavages persist, alongside new cross-cutting issues.

The shift from Materialist to Postmaterialist priorities is central to the postmodernization process. In early industrial society, emphasis on economic achievement rose to unprecedented levels. While traditional societies stigmatized social mobility and individual economic accumulation, modern industrial societies lauded them. The captain of industry became a cultural hero; and in the nineteenth century "the pursuit of happiness" was generally interpreted to mean "freedom to accumulate property." The core societal goal of the modernization process was economic growth. Where malnutrition is the main cause of death, economic achievement is an overwhelmingly important part of the pursuit of happiness.

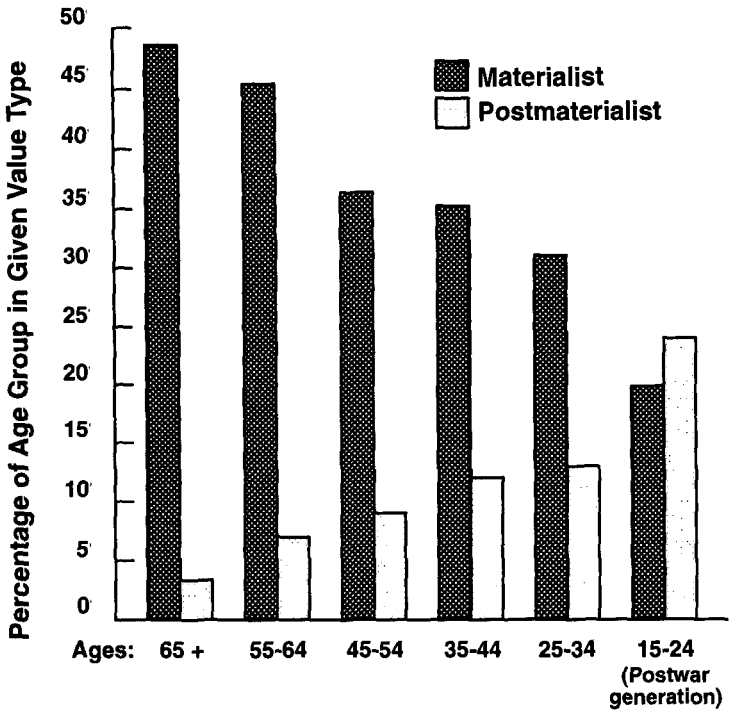
However, the transition from preindustrial society to advanced industrial society brings a change from a life expectancy of 35 to 40 years to one of 75 to 80 years. This is a huge improvement. Economic security is still something that everyone wants, but it is no longer a synonym for happiness. Societies in which Postmaterialists are most numerous have lower growth rates than those in which Materialists are overwhelmingly predominant—but the former tend to have higher levels of subjective well-being. Postmodernization brings declining emphasis not only on economic growth itself, but also on the scientific and technological developments that make it possible; emphasis shifts from surviving to maximizing subjective well-being.

The Spread of Postmaterialist and Postmodern Values

A good deal of intergenerational population replacement has taken place since 1970. The intergenerational value change thesis predicts that in the long run, this should produce a shift from Materialist to-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 4. Value Type by Age Group in Britain, France, West Germany, Italy, Belgium and The Netherlands (1970)



Source: European Community survey of February, 1970; based on original 4-item Materialist/Postmaterialist values battery.
Reprinted from Inglehart 1990, 76.

ward Postmaterialist values among the populations of these societies. More than a quarter of a century has passed since these values were first measured in 1970. Do we find the predicted value shift? As the following evidence demonstrates, we do indeed. Inglehart 1997 presents a far more detailed analysis of the shift from Materialist to Postmaterialist values than is given here; let us briefly summarize some key findings.

The 1970 European Community surveys were the first to test the value change thesis. The results showed the age-group differences that the socialization hypothesis predicts. Figure 4 depicts this pattern in a pooled sample of six West European publics. The basic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pattern is similar in all six countries: among the older groups, Materialists outnumber Postmaterialists enormously; as we move to younger groups, the proportion of Materialists declines and that of Postmaterialists increases. Thus, among the oldest cohort, Materialists outnumber Postmaterialists by more than 12 to 1; but among the youngest cohort, Postmaterialists are more numerous than Materialists.

The age differences shown here are striking. But does this pattern reflect life cycle effects, birth cohort effects, or some combination of the two?

Differences between the priorities of young and old *could* reflect some inherent tendency for people to become more materialistic as they age. If so, then as time goes by, the values of the younger groups will eventually become just like those of the older groups, producing no change in the society as a whole.

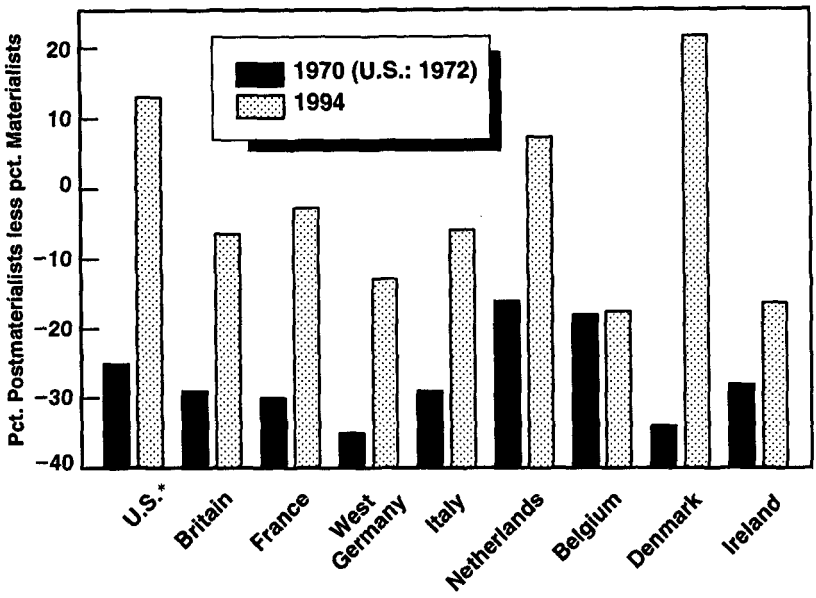
Does aging make one place ever-increasing emphasis on economic and physical security? The only way to answer this question is by following given birth cohorts over time, to see if they become more Materialist as they age. We can do so: the four-item battery of questions used to measure Materialist/Postmaterialist values has been asked in cross-national surveys carried out by the European Community at least once a year in almost every year from 1970 to the present. In 1970, Materialists outnumbered Postmaterialists overwhelmingly in all of these countries, but by 1994, the balance had shifted markedly toward Postmaterialist values. In 1970, within these six West European nations as a whole, Materialists outnumbered Postmaterialists by a ratio of almost 4 to 1. By 1994, this ratio had fallen to less than 1.5 to 1: Postmaterialists had become almost as numerous as Materialists.

Figure 5 shows the net shift in nine of these countries. Eight of the nine show a shift from Materialist toward Postmaterialist values, with only Belgium remaining unchanged. In the early 1970s, Materialists heavily outnumbered Postmaterialists in all nine of these countries. By the early 1990s, Postmaterialists had increased almost everywhere and had become more numerous than Materialists in the United States, Denmark and The Netherlands.

If one knows the relative proportions of Materialists and Postmaterialists in each birth cohort of a given nation, plus the size of each cohort (obtainable from census figures), one can calculate the amount of value shift that would take place each year as a result of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 5. The Shift toward Postmaterialist Values



Source: European Community surveys, February, 1970 and Fall, 1994; *U.S. National Election Surveys, 1972 and 1992.

intergenerational population replacement. These calculations suggest that in Western Europe, the population replacement process would bring a shift toward Postmaterialism of slightly more than one point per year in the percentage difference index or PDI (this constitutes the vertical axis in Figures 4 and 5). This is a relatively modest gain; in any given year, it could easily be swamped by fluctuations in current conditions linked with security or insecurity. But these short-term fluctuations tend to cancel each other out in the long run. The impact of intergenerational population replacement, on the other hand, moves in one continuous direction for decades. In the long run, its cumulative effects can be substantial. This seems to be the case with the data at hand. For these nine countries as a whole, over the 24-year period from 1970 to 1994 the PDI shows a mean shift toward the Postmaterialist pole of 23 points: this is almost exactly the amount of change that would be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

expected to occur solely as a result of intergenerational population replacement.

Economic conditions were less favorable in 1994 than they were at the start of the series, in 1970. The early 1990s were a period of recession, and as Figure 5 indicates, the levels of Postmaterialism in most cohorts reached a peak about 1989 and declined during the next few years. Nevertheless, as younger, more Postmaterialist cohorts replaced older ones, the population as a whole showed a long-term shift toward Postmaterialist values in almost every country. Despite substantial short-term fluctuations, and despite the fact that the surveys in our most recent year, 1994, occurred when Western Europe was still recovering from a major recession, the predicted shift toward Postmaterialist values took place—and its magnitude was just about the size that would be predicted by an intergenerational population replacement model.

Figure 5 shows only the starting point and the endpoint of each country's time series from 1970 to 1994. A more detailed analysis of this time series, consisting of at least 33 surveys for each nation, uses regression analysis to demonstrate that Britain, France, West Germany, Italy, The Netherlands, Ireland, and Denmark all show large and statistically significant long-term trends from Materialist to Postmaterialist values over this period (Inglehart and Abramson 1994). In the eighth case (Belgium), there is no trend. But a time-series analysis controlling for the joint effects of inflation and unemployment demonstrates that there is a statistically significant trend toward Postmaterialism in *all eight* of the West European countries for which a detailed time series is available over the past two decades: Belgium showed no shift toward Postmaterialism because it has suffered much higher levels of unemployment in recent years than in the 1970s, largely offseting the effects of intergenerational population replacement. When one controls for inflation and unemployment, Belgium is no longer a deviant case: it, too, shows a significant shift toward Postmaterialism.

As we have seen, a substantial shift toward Postmaterialist values also took place in the United States. These data come from the six NES presidential election surveys carried out from 1972 to 1992. Six surveys do not provide a sufficient number of time points to test the trend's statistical significance, but the net effect in the United States seems to be about as large as in most West European countries.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Evidence from the World Values Surveys indicates that the shift toward Postmaterialist values is only one component of a much broader cultural shift. About 40 of the variables included in these surveys seem to be involved in this shift. These variables tap a variety of orientations, from religious outlook to sexual norms; but they all display large generational differences, are strongly correlated with Postmaterialist values, and, in most societies, moved in a predictable direction from 1981 to 1990. The term *Postmodernization* is intended to describe this pervasive change in worldviews. The shift from Materialist to Postmaterialist values is the best documented component of this broader cultural change, but it is not necessarily the most important one: changing gender roles and changes in attitudes toward homosexuality have been even more dramatic.

Increasing emphasis on individual economic achievement was one of the crucial changes that made modernization possible. This shift toward Materialistic priorities entailed a deemphasis on communal obligations and an acceptance of social mobility: increasingly, social status became something that an individual could achieve, rather than something into which one was born. Economic growth came to be equated with progress and was seen as the hallmark of a successful society.

In Postmodern society, this emphasis on economic achievement as the top priority is now giving way to an increasing emphasis on the quality of life. In a major part of the world, the disciplined, self-denying, and achievement-oriented norms of industrial society are giving way to an increasingly broad latitude for individual choice of life-styles and individual self-expression. The shift from Materialist values, emphasizing economic and physical security, to Postmaterialist values, emphasizing individual self-expression and quality-of-life concerns, is the most amply documented aspect of this shift; but it is only one component of a much broader syndrome of cultural change. This cultural change is transforming the standards by which people evaluate their subjective well-being.

When economic gains make the difference between starvation and survival, then an increase in consumption may well bring a major gain in well-being; but with the transition to advanced industrial society, gains in consumption may bring little or no increase in human happiness. These findings provide striking support for Scitovsky's view.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NOTE

1. These surveys measured Materialist/Postmaterialist value priorities by asking the respondents in a number of different societies a series of questions that began as follows:

"There is a lot of talk these days about what the aims of this country should be for the next ten years. On this card are listed some of the goals which different people would give top priority. Would you please say which one of these you, yourself, consider the most important? And which one would be the next most important?"

Twelve goals were rated, but in order to reduce the task to manageable proportions, they were presented in three groups of four items; each set of four goals contained two items designed to tap Materialist priorities, and two designed to tap Postmaterialist priorities. These goals were:

A. Maintaining a high level of economic growth.
B. Making sure this country has strong defense forces.
C. Seeing that people have more to say about how things are done at their jobs and in their communities.
D. Trying to make our cities and countryside more beautiful.
E. Maintaining order in the nation.
F. Giving people more say in important government decisions.
G. Fighting rising prices.
H. Protecting freedom of speech.
I. A stable economy.
J. Progress toward a less impersonal and more humane society.
K. Progress toward a society in which ideas count more than money.
L. The fight against crime.

Scores on the Postmaterialist values index range from 0 to 5, depending on how many of items C, F, H, J and K are chosen as either first or second priority in their group.

REFERENCES

Abramson, Paul R., and Ronald Inglehart. 1992. "Generational Replacement and Value Change in Eight West European Societies." *British Journal of Political Science* 22:183–228.

Abramson, Paul R., and Ronald Inglehart. 1995. *Value Change in Global Perspective*. Ann Arbor: University of Michigan Press.

Andrews, Frank, and Stephen Withey. 1976. *Social Indicators of Well-Being in America*. New York: Plenum.

Block, J. 1981. "Some Enduring and Consequential Structures of Personality." In Albert I. Rabin et al., eds., *Further Explorations in Personality*. New York: Wiley-Interscience.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Campbell, Angus, Phillip E. Converse, and Willard Rodgers. 1976. *The Quality of Life*. New York: Russell Sage.

Costa, Paul T., Jr., and Robert McCrae. 1980. "Still stable after all these years: personality as a key to some issues in adulthood and old age." In Paul B. Baltes and Orville G. Brim, eds., *Life-Span Development and Behavior*, vol. 3. New York: Academic Press.

Erikson, Erik H. 1982. *The Life Cycle Completed: A Review*. New York: Norton.

Inglehart, Ronald. 1977. *The Silent Revolution: Changing Values and Skills in Advanced Industrial Society*. Princeton: Princeton University Press.

Inglehart, Ronald. 1990. *Culture Shift in Advanced Industrial Society*. Princeton: Princeton University Press.

Inglehart, Ronald. 1997. *Modernization and Postmodernization: Cultural, Economic and Political Change in 43 Societies*. Princeton: Princeton University Press.

Inglehart, Ronald, and Paul Abramson. 1994. "Economic Security and Value Change," *American Political Science Review* 20:336–54.

Jennings, M. Kent, and Gregory Markus. 1984. "Partisan Orientations over the Long Haul: Results from the Three-wave Socialization Panel." *American Political Science Review* 78: 1000–1018.

Jennings, M. Kent, and Richard G. Niemi. 1981. *Generations and Politics*. Princeton: Princeton University Press.

Scitovsky, Tibor. 1976. *The Joyless Economy: An Inquiry into Human Satisfaction and Consumer Dissatisfaction*. New York: Oxford University Press.

Statistiches Bundesamt. 1994. *Datenreport, 1994*. Bonn: Bundeszentrale fuer politische Bildung.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

JOURNAL OF DEMOCRACY

SINCE ITS INCEPTION IN 1990, the *Journal of Democracy* has become an influential international forum for scholarly analysis and competing democratic viewpoints. Focusing exclusively on democracy, the *Journal* monitors and analyzes democratic regimes and movements in scores of countries around the world. *Published quarterly in January, April, July, and October for the National Endowment for Democracy.*

EDITORS
Marc F. Plattner
Larry Diamond

EDITORIAL BOARD
Chinua Achebe
Shaul Bakhash
Nancy Bermeo
Daniel Brumberg
Naomi Chazan
Charles H. Fairbanks, Jr.
Francis Fukuyama
Harry Harding
Donald L. Horowitz
Samuel P. Huntington
Atul Kohli
Leszek Kolakowski
Liang Heng
Arend Lijphart
Juan J. Linz
Seymour Martin Lipset
Joshua Muravchik
Ergun Özbudun
Octavio Paz
Susan Kaufman Purcell
Peter Reddaway
Condoleezza Rice
Philippe Schmitter
Alfred Stepan
Vladimir Tismaneanu
Arturo Valenzuela
(on leave)
Ernest J. Wilson III

July 1996 (Volume 7, Number 3) includes:

- Is Communism Returning?
- In Praise of the Art of Politics
- Is the Third Wave Over?
- The Paradox of Civil Society
- Africa: An Interim Balance Sheet
- Taiwan's Unique Challenges
- Democratization in the Middle East
  - I. Pluralism and the Palestinians
  - II. Algeria's Tragic Contradictions
  - III. Power and Opposition in Morocco
  - IV. Turkey: How Far from Consolidation?
  - V. Quandaries of the Peace Process
- Liberia: An Update
- **Field Report:** Curbing Corruption in Venezuela
- **Books in Review:** Crafting Constitutions
- AND MORE . . .

Prepayment is required. **Annual Subscriptions:** $29.00, individuals; $65.00, institutions. **Foreign postage:** $4.80, Canada & Mexico; $6.85, outside North America. **Single-issue prices:** $8.00, individuals; $17.00, institutions. Payment must be drawn on a U.S. bank in U.S. dollars or made by international money order. MD residents add 5% sales tax. For orders shipped to Canada add 7% GST (#124004946RT).

Send orders to: The Johns Hopkins University Press, P.O. Box 19966, Baltimore, MD 21211-0966. To place an order using Visa or MasterCard, call toll-free 1-800-548-1784, FAX us at (410) 516-6968, or send Visa/MasterCard orders to this E-mail address: jlorder@jhunix.hcf.jhu.edu

EA6

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Albert O. Hirschman

MELDING THE PUBLIC AND PRIVATE SPHERES: TAKING COMMMENSALITY SERIOUSLY

ABSTRACT: *Tibor Scitovsky's* The Joyless Economy *distinguished the pleasure of moving from discomfort to comfort and the pleasure of replacing boredom with stimulation. I have argued that there are also pleasures distinctive to participating in public life. A third form of pleasure berlongs to both the private and the public domain: the common meal leads to individual satiation and, as a result of* commensality, *has important social and public effects. A good example is the banquet in ancient Greece, closely connected to the lottery—the basic mechanism of Athenian democracy. But the common meal can also lead to the degradation of human relations and political life.*

I have argued recently that "at some point of one's life, self-subversion may become the principal means to self-renewal" (Hirschman 1995, 92). I hope to subvert here a book I published in 1981, *Shifting Involvements: Private Interest and Public Action*. It explored the reasons modern societies may be "predisposed toward oscillation be-

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Albert O. Hirschman, Professor of Social Science, Emeritus, Institute for Advanced Study, Princeton, NJ 08540, telefax (609) 951-4457, delivered this paper in October 1996 as the annual Jan Patocka Memorial Lecture at the Institute for Human Sciences in Vienna. He thanks Pauline Schmitt Pantel, Marcel Detienne, and Bernard Manin for numerous discussions.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tween periods of intense preoccupation with public issues and of almost total concentration on individual improvement and private welfare goals." Many of the reasons I gave for such periodic shifts seem to me to be still valid. But I want to go back to one particular phase of the alleged "private/public cycle" which I now see in a different light.

The principal motive force that drove my story was *disappointment*. Disappointment with the concentration on private consumption was for me a primary source of the subsequent turn toward action in the public interest, just as in the following phase disappointment with the turn toward action in the public interest would promote the return to private concerns. It so happened that during the post-World War II period with which I started my account, private consumption in the Western economies rose primarily in the area of durable goods—automobiles, refrigerators, washing machines, televisions, and so on. This "drive to high mass consumption" was celebrated by Walt W. Rostow in his highly successful work on the *Stages of Economic Growth* (1960). I wrote my book some 20 years later, with the benefit of hindsight; that is, *after* the world had passed through the violent student agitation and unrest of the late 1960s, which were widely interpreted as a protest against the latest Rostowian stage. By then that stage had come to be known as "consumerism," a term that was often used in a derogatory vein.

Had Rostow been overenthusiastic about the massive expansion in consumer durables that had indeed marked the postwar prosperity in the United States, and had rapidly spread to Western Europe, Japan, and elsewhere? Had he failed to see some dangerous portents in this expansion?

Such was the opinion of a stimulating book that, without actually mentioning Rostow's positive account of the consumer durables boom, did offer a new and highly original analysis of consumer satisfaction and dissatisfaction. I am referring to Tibor Scitovsky's *The Joyless Economy*, which was written in the aftermath of the student revolts and influenced me strongly.

Right at the beginning of his book, Scitovsky refers starkly to its historical background: the downfall of American consumers from the brief (Rostowian) triumph they had celebrated at the middle of the twentieth century, when they spent "the world's highest income on the world's most copied and coveted life-style." Within a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

decade, this self-image was to be largely destroyed, and Scitovsky asks: "Could it be that we seek our satisfaction in the wrong things, or in the wrong way, and are then dissatisfied with the outcome?" (Scitovsky 1976, 2-4). This question, of course, contradicted the traditional economic approach, according to which consumers know what is good for them and calculate expertly how to maximize their satisfactions. But Scitovsky protested against this simplistic and apologetic tradition and devoted his first chapters to various complications and illuminating explorations in individual psychology.

For me the most interesting distinction he developed was that between comfort and pleasure. The human drives to relieve discomfort and to achieve comfort do make for pleasure in two ways. First of all, pleasure is generated by repeated travel from varieties of discomfort to *comfort* (e.g., from hunger to satiation). Second, pleasure occurs also as we move from inactivity or boredom to renewed activity, as a result of various types of *stimulation*. To the extent that countries become economically advanced and affluent, the first ingredient of pleasure—the journey from discomfort to comfort—is reduced or held at bay; hence stimulation should take over as a major source of pleasure. But with people being hardly conscious of the contrast between pleasure and comfort, they pursue the latter at the expense of stimulation and suffer a deficiency in overall pleasure. Thus they end up in Scitovsky's "joyless economy."

This description of the Scitovsky model leaves out many of its finer features; but even in this stripped-down form, it becomes clear how it enabled me to produce my own story of successive disappointments. Paradoxically, I made this story start out with the *expansion* of private consumption of durable goods, an expansion that, just a short while ago, had been considered the essence of various "economic miracles."

My main point was wholly inspired by Scitovsky. In comparison with conventional purchases, new durable goods were more weighted with comfort than with pleasure. As a result, the first massive appearance of durables in a consumer culture will produce an "initially disconcerting" change in the traditional balance of pleasure and comfort (Hirschman 1981, 33). I did mention some obvious qualifications: the generation that first experiences the new comfort/pleasure balance will no doubt be delighted with its new acquisitions and deeply grateful for the emancipation from work and fatigue it has achieved. *But gratitude never lasts very long.* As the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

new durables are increasingly taken for granted, the extra comfort and time they provide must be taken advantage of and be occupied by new forms of stimulation. In the absence of such stimulation, disappointment will set in. A large part of Scitovsky's book is devoted to these topics.

My principal argument against Scitovsky was his utter neglect of the *public* dimension. He did not conceive of politics, participation in public life, pursuit of the public interest (or of the "public happiness," in the language of the eighteenth century) as alternative sources of stimulation. I still believe it is worthwhile to explore such alternatives to a predominantly private life. But my original critique along these lines remained imprisoned in the two mutually exclusive categories of the private and the public. I failed to realize that there are important occasions when the public and the private meld and merge.

In doing so I was perhaps merely following an ancient tradition. Take, for example, the biological function of filling one's stomach. This has long been considered a purely private activity that was contrasted with the pursuit of "higher" and spiritual values and was often treated with disdain in comparison.

The Bible, Pascal, and Samuelson

Both the Old and the New Testaments laid down the rule that "man does not live by bread alone" (Deuteronomy 8:3; Matthew 4:4), and that it was far more important to follow the Lord's commands than to eat. These two activities were eventually taken to stand in opposition to one another, and during the later Middle Ages fasting became the essence of meritorious religious behavior. As Caroline Bynum pointed out in *Holy Feast and Holy Fast*, this was especially true for women: Raymond of Capua, the biographer of Saint Catherine of Siena, felt much guilt about his own difficulties in fasting and found Catherine to be a true model in this regard.[1]

During the Renaissance, the pleasures of eating and the excitement over food and drink staged a vigorous comeback, a development exemplified by Rabelais and his characters Gargantua and Pantagruel. In contrast to the myth of the lost paradise, Rabelais knows of no punishment for gluttony or other cardinal sins. He

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

celebrates even drink as that "ambrosial, delicious, precious, celestial, joyous and deific" liquor.[2] But his amoral and guiltless attitude toward food and drink did not last long. Already Montaigne qualified the endorsement of food by saying, "One must look out not so much at what one eats as with whom one eats," and he further downgraded the delights of eating by adding, "There is no dish so sweet to me, and no sauce so appetizing as the pleasure derived from society" (Montaigne 1933, Book 3, 13). As was to be pointed out much later by Georg Simmel, the social delights Montaigne talks about here are to be had primarily as a result of, and in conjunction with, the common meal and should therefore not be contrasted with it. But the intellectual tradition stemming from the Bible had long separated the consumption of food from the so-called higher activities. This separation was soon to be fully restored by Pascal.

In one of his longer *Pensées*, Pascal distinguishes two different ways of pursuing happiness and justice: One consists in following the commands of God, the other in acquiring instead a great variety of objects meant to take the place of God. Here Pascal compiles a long, intentionally incongruous list of objects: "stars, sky, land, elements, plants, cabbage, leeks, animals, insects, calves, snakes, fever, plague, war, famine, vices, adultery, incest." Then he continues:

> Since man has lost the true Good, all of these things will seem to be like the Good, including even man's self-destruction which is so contrary to God, to reason and to nature . . . but those who have come close [to the truth] have concluded that the universal Good which all men desire . . . should not consist in any of the particular things which can be possessed only by an individual—but that this Good must be such that *all can possess it at the same time*, without diminution or envy, and that nobody can lose it against his own will. (Pascal 1969, 1185–86, emph. added).

Pascal then contrasts the belief in God, available to all those who believe in Him, with the partaking in tangible commodities, such as cabbages and leeks, which are necessarily appropriated and, in these cases, eaten by individual consumers. Economists will find Pascal's contrast surprisingly close to the distinction they are used to making between public and private goods (or bads).[3] Following Paul Samuelson's classic formulation in the 1950s, private goods have been defined as those that are held and consumed individually,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

while public goods are those whose consumption and enjoyment by one citizen does not affect the quantity available to others (Samuelson 1954 and 1955). Interestingly enough, the good that occurred to Samuelson to stand as a typical example of private goods was the loaf of bread ("whose total can be parceled out among two or more persons, with one man having a loaf less if another gets a loaf more"; Samuelson 1955, 350), while the typical public goods were such "non-rival" services as police protection, national defense, and public education.

When this distinction was first clearly made, in the immediate postwar period, public opinion about the role of the state was on the whole quite positive and public goods were celebrated, in spite of the intrinsic difficulties of estimating the demand for them. A well-known article written in the 1960s by Robert Dorfman reflected this attitude:

> Since [nobody] can be precluded from enjoying [public goods], it is in the interest of each [person] to avoid contributing to them if he can. Therefore the coercive power of the state must be enlisted to compel contributions. And when this is done, *wisely*, all benefit, for the goods desired by all (or virtually all) can be provided which would otherwise be unavailable to any. Goods of this nature, then, can be provided only by the state, by philanthropists, and as byproducts of certain private goods. (Dorfman 1969, 249, emph. added)

This passage looks at the distinction between public and private goods very much as the Bible had done. Bread was to be eaten by the individual consumer; but providing it "alone," by itself, was far from enough: to assure the good life for all citizens, various *public* goods must be concurrently produced by the state.

The economist's distinction between private and public goods thus retained and reinforced the basic dichotomy of the Bible and of Pascal. Little attention was paid to goods that would somehow be intermediate between the private and the public category or would belong to both.

Georg Simmel

In the meantime, however, a distinguished sociologist had called attention to situations where goods that *seem* to be wholly private

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

actually have important collective dimensions. In a short but penetrating article written in 1910, *Die Soziologie der Mahlzeit*, Simmel refers in this connection to the social institution of the meal. Almost at the beginning of the paper, a striking paragraph points to the function of the meal as a bridge between the private and public functions of food and drink when consumed in common by a group:

> Let us take what is most common to men and women among all the things they have in common: the fact that they must eat and drink. This is precisely what is most self-centered about them, most unconditional, direct, and limited to the individual: What I think, I can let others know about; what I see, I can show to others; what I say can be heard by hundreds of others—but what is eaten by a single person can under no circumstances be eaten by anyone else. In none of the higher realms is it ever the case that what should be had by one person must be unconditionally renounced by others. But since this primitive physiological fact is an absolutely general human characteristic, it becomes precisely a communal action: thus arises the sociological construct of the meal—it turns the exclusive self-seeking of eating into the frequent experience of being together and into the habit of joining in a common purpose—something that is but rarely achieved by occasions of a higher, more spiritual order. Persons who do not share any interest can join in the common meal—in this possibility, mediated through the primitive and transparent character of material interest, *lies the immense sociological significance of the meal.*[4]

This basic point is then worked out by Simmel through the principal characteristics of the meal. The German language is helpful to Simmel's enterprise, as *Mahlzeit*, the German word for meal, already refers, through the inclusion of the term *Zeit* (time), to some of the *social* features of the occasion. *Mahlzeit* denotes the regularity and simultaneity of the meal, or what is also known as its "commensality." A more common term today is *conviviality*, but I shall use here the more technical term—which derives from *mensa* (table)—for eating together around a table.

Commensality includes friends and family, but excludes irreconcilable enemies. According to a French author, it brings with it the *douceur* of having been included as well as the cruelty of being excluded (Morineau 1987). In German, moreover, the term *Mahlzeit* has long been used also as an exclamation celebrating commensality

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

commensality at the beginning of the joint meal, as a term of benediction when a group sits down together to eat. The exclamation served as an abbreviation for the more religious invocation "*Gesegnete Mahlzeit!*" ("May this meal be blessed!").

Simmel's basic insight about the meal providing a connection between two very different spheres—those of the selfish individual and of the social collective—leads him to throw light on various other ways in which eating has been "civilized," from the rules that were set for eating from the pot and later from plates, to the use and manner of holding knife, fork, and spoon, and even to the appropriate decoration of the dining room. It is odd that Norbert Elias should not have referred to the Simmel essay in his *The Civilizing Process* (1981), in spite of the fact that his famous work is obviously written with similar questions in mind—Elias's book was once reviewed under the title "The Rise of the Fork." But Elias wrote as an historical sociologist and was interested in the details of changing institutions and habits, whereas Simmel wrote as a social theorist and developed his ideas purely as deductions from general principles. Even the shape of the plate is thus deduced! Simmel derives its circular shape with a uniform radius from the principle that an identical portion of food is normally meant to be distributed to each participant in the meal and exclaims: "The plates of a table do not tolerate any individuality."

Toward the end of his essay, Simmel characteristically moves in an unexpected direction. His story rises first from the natural-physical to the social-aesthetic. But in a final twist, Simmel interrupts or qualifies this ascent by noting that the basic need to eat does not permit a wholly free flow of conversation. Thus he defends the "banality of normal table talk" and sets a definite ceiling to the lofty and possibly controversial sphere to which the meal was almost about to take us.

Simmel's essay confirmed the positive light under which I had presented, in *Shifting Involvements*, the "truly nondurable" goods—that is, those that, like food and fuel, are actually *used up* in the process of consumption. Influenced by Scitovsky's distinction between comfort and pleasure, I had thought that these goods would cause less disappointment than durables: food vanishes in the course of consumption and therefore permits the process of pleasure generation to start over again—with the next mouthful, once the travel from discomfort to comfort is resumed. But it now seems likely to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

me that in celebrating these "truly nondurable" goods, I followed a correct instinct, but invoked inadequate reasons: I continued to look at eating and food intake as purely private and self-centered activities. Like Scitovsky and most economists, I neglected their potential public dimension.

The superiority of food over what I called "possessions" is primarily rooted in Simmel's insight about the meal—it is the ease with which the private consumption of food is connected with collective or public endeavors, due to commensality. Implicitly Simmel compares eating with other basic physiological drives, such as sleeping, and he finds that among them only the intake of food is performed in common and therefore will lead to "essential communal actions": it is the "frequent experience of being together" and the "habit of joining in a common purpose" which make for the "immense sociological importance of the meal."

It appears that in disregarding the Simmelian shift from the private to the public domain through the common meal, we have failed to recognize the substantial *external benefits* of this type of food consumption. Economists—Scitovsky figures importantly among them—often feel that the discovery of external benefits justifies the payment of subsidies to the activity responsible for such benefits. For example, the existence of external benefits is often cited as an argument for the provision of public subsidies to the arts (Throsby 1994; Baumol 1995). I have no intention of making a plea here for subsidies to public meals, in part because the external benefits can turn into losses, as will be noted toward the end of this paper. But it is instructive to point out that subsidies to common meals or banquets did in fact exist and played a considerable role at one time in history—in ancient Greece, to cite one well-documented example.

The Banquet and Democracy

The venerable existence and importance of the Greek banquet with its religious sacrifices has long been known. It was already described in brief but glowing terms over a century ago by Fustel de Coulanges in *La Cité Antique* and by Jakob Burckhardt in his *Griechische Kulturgeschichte*. The topic has continued to be much studied by historians, iconographers, and epigraphers of the ancient

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Greek world, and during recent years these studies (of writings, vases, and inscriptions) have greatly expanded. A comprehensive treatise was published recently by the Hellenist Pauline Schmitt Pantel (1992) under the title *La Cité au Banquet: Histoire des repas publics dans les cités grecques* (subsequent parenthetical citations refer to this book). This rich work presents the evolution, over a period of almost ten centuries, of the banquet among the Greeks.

Usually archaic Greece is distinguished from the classical, principally Athenian period of the fifth and fourth century B.C., which is, in turn, marked off from the Hellenistic era. During the archaic period, Schmitt Pantel groups the banquets with various social practices that define the *koinon*, the common or public domain, in contrast to the *idion*, the particular or private sphere. *Koinon* practices include the bearing of arms and participation in collective hunting, religious rituals, and banquets (110); all of these activities concur in defining and enhancing citizenship in the polis. Archaic Greece sees no sharp distinction between political institutions proper, such as the assemblies at the Agora, and other elements of public life, such as the banquets (112).

The banquets have their origin in the religious sacrifice (*thusía*) of a bull or ox that is ritually killed, then cooked, and eventually divided among the participants. According to a detailed description of the ritual, "the group of citizens is not constituted upon the death of the animal . . . this happens rather with the commensality around the pieces of beef. . . . All those who eat become citizens. . . . Eating is definitely the main event. . . . The city emerges because it eats beef."[5] In this manner, commensality is explicitly related to the birth of political community.

A slight change in the function of banquets occurs in Athens during the classical period (fifth century). A certain type of commensality is now reserved for specific occasions—the 50 citizens (*prytans*) who represent the city of Athens after the democratic reforms of Kleisthenes are strictly obliged to eat together at the Tholos, a central circular building near the Agora. But the classical period did not produce a real break in the forms and functions of the banquet in general—it retains and even reinforces its role as the principal place where sociability is being "fermented" (Fustel de Coulanges) and where various rituals are being performed. The common meal becomes institutionalized as a symbol of the permanence of political power in a democracy (170). Later on, during the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Hellenistic period, the banquets are increasingly organized and financed by benefactors belonging to the most powerful and wealthy families (*évergètes*) in various Greek cities (410), as is attested by numerous inscriptions (Veyne 1976; also Gautier 1985, 147–66; Sartre 1991, 147–66; Andreau, Schmitt, and Schnapp 1978).

Throughout, Schmitt Pantel emphasizes the close connection between the commensality of the banquet and the resulting social and citizen relationships: "There is a direct tie between the practices of commensality and the functioning of power and the type of politics" (438). The banquet occupies a key position connecting what we would call today the religious, the public, and the private spheres (250). For the classical period Schmitt Pantel quotes writers from Euripides to Plato and Aristotle, showing that "commensality is the tie of friendship which is formed and becomes stronger during the practice of common banquets. Commensality in turn allows *philia* (friendship) which guarantees not so much the social order, but the consensus that is necessary to life in society. . . . Both Aristotle and Plato . . . show the considerable extent to which the forms of commensality were in classical Athens an integral part of a reflection on the *politeia*" (488). The banquet was the preeminent expression of what we like to call today "civil society."

Schmitt Pantel asserts that the intriguing title of her own work, *La Cité au Banquet* (*The City at the Banquet*), is at least as justified in characterizing life in ancient Athens as the frequently used expression "The City at the Agora." For her title reflects perhaps more exactly the evolution of social relations in the city (490). Her final plea (ibid.) is "to take commensality seriously" (*prendre la commensalité au sérieux*)—as she places this passage in quotes, she may here be paraphrasing the title of Ronald Dworkin's *Taking Rights Seriously* (1978).

In this spirit, I am tempted to suggest that a direct link exists between the banquet and the emergence of Athenian democracy, that towering political invention of the Greeks. Schmitt Pantel does not quite venture this thought, but other prominent members of the modern French classical school have done so squarely. In a long preface to a dissertation dealing in detail with the ritual sacrifice and slaughter of oxen during the banquets in Ancient Greece, Marcel Detienne (1982) writes: "After the sacrifice, the animal is carved up through egalitarian division: the isonomic model is applied and commensality takes place through a procedure which makes for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

portions of equal size and weight being distributed by means of sortition" (Berthiaume 1982). And Nicole Loraux (1981), another prominent Hellenist, contends in a well-known review article: "To eat equal portions means to produce and to reproduce political equality; in the communal meal arises the isonomic figure of the city." Yet another French scholar, referring to Plutarch's *Table Talks*, writes similarly that "we know that the essentially democratic procedure of sortition (i.e. lottery) was utilized to assure that the portions of beef were distributed equitably" (Durand 1997, 154).[6]

"Isonomy" is the classical Greek term for equality before the law. It also refers to equal distribution of various political offices by lottery or sortition rather than through elections. Sortition was the crucial mechanism for the selection (and regular rotation) of the principal polis officials and magistrates (except for military leaders) in the Athenian democracy, as Bernard Manin (1995, 19–61) emphasizes. Apparently, equal division of the ritually sacrificed oxen among banquet members led in Athens, through a remarkable association of ideas, to the equal distribution of offices among the citizens through lottery.

One might object at this point that there is a substantial difference between the equitable carving up of an ox among the members of a banquet and the distribution of a limited number of polis offices among the citizens by means of a lottery: there were always many more citizens than offices, while the number of meat portions was necessarily equal to that of the participants in a banquet. Yet the task of dividing an ox into approximately equal pieces among the participants required a highly skilled operation on the part of the butcher; in a way, this division was more complex than the outright elimination from public office through lottery of a given number of polis members, especially if the selection for such offices was made for relatively short periods (say, one year) and if the principle of periodic rotation was strictly applied, as came to be the case in Athens. In this manner, "isonomy" came to be the rule of the polity as much as of the banquet.

I agree with Manin (1995, 41–42) that the designation of polis officials through lottery did not have a religious, sacerdotal origin or function, as had been held by Fustel de Coulanges and Gustave Glotz. But the use and importance of lottery in Athenian democracy owes much to its similarity with the banquet procedure. It would seem that Simmel was right: if Athenian democracy was one

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of its externalities or side effects, the sociological-political significance of the meal or banquet was truly immense.

Symposium, Männerbund, *and Beer Drinking in German Student Corporations*

In a book on development projects (Hirschman 1968, ch. 5), I have made much of the "centrality of side-effects." The story I have just told about Greek banquets illustrates this concept: a bloody religious sacrifice had a remarkable and remarkably positive outcome in the field of politics. But this relationship cannot be expected to have been the rule. A rather different story seems to be in the offing in a paper by the well-known Oxford University Hellenist Oswyn Murray (1982). Under the title "Symposium and Männerbund," he would surely describe, one might think, the sharp contrast between the Greek banquet and the Germanic *Männerbund.* In fact, Murray does nothing of the kind. Rather, he adverts to the undoubted structural similarity between the two institutions: both are associations of young men outside of kinship groups, both practice homosexuality and engage in communal eating and drinking, and both have religious origins and perform religious and warlike functions. Strangely, Murray does not mention the spectacular contrast between the sociopolitical connotations and characteristics of Symposium and *Männerbund*: the dawn of democracy in classical Greece, on the one hand, and the raging (*wütig*) fury of wild, plundering bands of young men (*Berserker*) in ancient Germany and Scandinavia, on the other (See Dumézil 1939, 91; Weiser 1927; Höfler 1934). One cannot help thinking of the *Männerbund* as foreboding some of the worst aspects of Germany's later political developments, such as the murderous activities of the post-1918 "Free Corps" and the subsequent SA and SS movements of the Nazi period.[7]

Such perhaps fanciful, yet irresistible historical connections aside, the social psychology of communal drinking (rather than eating) is penetratingly explored in Heinrich Mann's best-known novel, *Der Untertan* [*The Subject*].[8] This story takes place in Imperial Germany just before the First World War. Its key turning point occurs early in the novel when the principal character, the weak, mendacious, craven, and all-around contemptible Diederich Hessling joins a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

group of students, the "Neoteutonic Corporation," and engages with them in frequent, ritualized beer drinking. This activity does not stop him from being utterly contemptible, but he now manages to hide his self-doubts and numerous other vices and weaknesses, becomes remarkably assertive, and eventually achieves worldly "success." Here is how Heinrich Mann describes the transformation of his anti-hero:

> [He] had become a 'Konkneipant' [member of a group going regularly to a *Kneipe* or bar]—he felt predestined for this task. He now belonged to a large group of people where nobody . . . demanded anything from him except drinking. Full of gratitude and benevolence he raised his glass to anyone who did the same. To drink, not to drink, to sit, to stand, to talk or to sing no longer depended on him. All of these activities were loudly ordered and properly carried out and thus one lived in peace with oneself and the world. . . . Diederich was immersed in the corporation which did his thinking and desiring for him. As a member of the corporation he now became a man with self-respect—and because he belonged to it he also turned into a man of honor. . . .
>
> Beer! Alcohol! There one sat and could always have more. Beer was not like those coquettish, demanding women, it was faithful [*treu*] and cozy [*gemütlich*].With beer there was no need to act, to achieve, as with women. Everything happened of its own accord: one swallowed and with that one already had achieved something, one felt transported to the heights of existence, felt like a free man, free from the inner point of view [*innerlich frei*]—the beer one swallowed was transformed into internal freedom. And one virtually had already passed one's exams. One was 'through,' was a doctor! (Mann 1918, 29–32)

Once again, sociologically it was highly significant to gather together a social group that ate or, in this case, drank in common. Obviously, those who did so did not truly acquire self-respect, honor, and "inner freedom" in the process. Rather, by drinking beer with their fellow students, the likes of Diederich could *pretend* to have these desirable qualities, they could feign and fake them.

Here then is a case where commensality generates externalities of a socially negative kind. Just as Simmel underlines the social *benefits* of joining in a common meal, Heinrich Mann describes the opposite phenomenon, the lamentable result of becoming a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"Konkneipant." In their own ways, however, and at about the same time, both Simmel and Heinrich Mann converged on the impact, positive or negative, of the joint consumption of food or drink.

Actually the difference between Simmel and Mann is not as wide as one might think. True, at the beginning of his essay, Simmel emphasizes the tendency of the meal to rise from its "physiological primitiveness" to the complex and noble sphere of "social interactions." But, as already noted, he later places ceilings on this upward movement as he stresses and vindicates the "banality of table conversation" with its "generality and lack of intimacy." Here Simmel suddenly accepts and even advocates a narrow boundary to the fine human and social relations that are apt to arise during the *Mahlzeit*—a boundary drawn against the hypocrisy and vulgarity characteristic of human relations in the Wilhelmine Kneipe of Heinrich Mann.

* * *

Economists (including both Scitovsky and myself) have often looked at the consumption of food as a purely private and self-centered activity, with the ensuing relief of hunger and enjoyment of nourishment being a positive but decreasing function of spending on food. In the middle of the nineteenth century, the German statistician Ernst Engel (1821–1896) demonstrated this functional relationship and it seemed so reliable that it soon became known and celebrated as "Engel's Law." But to confine the consequences of food intake solely to the concurrent biological process of satiation means overlooking the considerable public dimension of commensality.

While they are consuming food and drink, people gathering for the *Mahlzeit* engage in conversation and discussion, exchange information and points of view, tell stories, perform religious services, and so on. From the purely biological point of view, there is no doubt that eating has a straightforward relationship to individual welfare. But once they are done *in common*, eating and drinking normally go hand in hand with a remarkably diverse set of public or collective activities. That is why "taking commensality seriously"—as Pauline Schmitt Pantel has urged—is easier said than done. The social, political, and cultural consequences of the common meal are extraordinarily varied; moreover, their outcome can turn out to be positive or negative. The common meal or banquet

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

contributed to the "invention" of democracy in the age of classical Athens, on the one hand; in the Imperial Germany of Heinrich Mann, on the other, commensality could lead to the degradation of human relations and political life.

NOTES

1. See also Bell 1985 and Feeley-Harnik 1981.
2. Rabelais, *Pantagruel,* 1. See also Jeanneret 1991, 27.
3. I briefly noted the similarity between Pascal's argument and the economist's definition of public goods in Hirschman 1971.
4. My emphasis. The original German version of this essay has been reprinted as Simmel 1984. An English translation was recently published as an annex to Symons 1994 (333–51). I came across this article in German and was much taken by it several years ago. Thinking it had still not been translated, I decided to undertake this job in the spring of 1995 in Berlin. Here I am using my unpublished translation.
5. Schmitt Pantel 444, quoting Durand 1926, 64–65.
6. See also *Plutarch's Table Talks,* II, 10, 642 e–f.
7. On the ferocity of the "Free Corps," the SA, and the SS, see Waite 1952 and Theweleit 1977. The connection between the archaic Germanic *Männerbund* and the extreme right-wing movements in Germany during the 1920s and 1930s has been made explicitly in Dumézil 1939. In 1985 Carlo Ginzburg criticized this book for its pro-Nazi sympathies. Dumézil replied briefly (1985). After Dumézil's death in 1986, the journalist Didier Eribon (1992) wrote at length in Dumézil's defense. A brief rejoinder by Ginzburg appeared in *Le Monde des Débats* in September 1993, and a further rejoinder by Eribon in the same magazine in October 1993.
8. Mann 1918 was completed shortly before the outbreak of World War I. See also Gillot 1992.

REFERENCES

Andreau, Jean, Pauline Schmitt, and Alain Schnapp. 1978. "Paul Veyne et l'Evergétisme." *Annales ESC* no. 33 (janvier-février).

Baumol, William. 1995. "The Case for Subsidizing the Arts" (interview). *Challenge* (Sept.–Oct.): 52–56.

Bell, Rudolph M. 1985. *Holy Anorexia.* Chicago: University of Chicago Press.

Berthiaume, Guy. 1982. *Les Rôles du Mágeiros.* Leiden: E.J. Brill. Preface by Marcel Detienne.

Bynum, Caroline Walker. 1987. *Holy Feast and Holy Fast: The Religious Significance of Food to Medieval Women.* Berkeley: University of California Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Detienne, Marcel, Vernant, J. P., et al. 1979. *La cuisine du sacrifice en pays grec.* Paris: Gallimard.

Dorfman, Robert. 1969. "General Equilibrium with Public Goods." In J. Margolis and H. Guitton, eds., *Public Economics.* New York: St. Martin Press.

Dumézil, Georges. 1939. *Mythes et Dieux des Germains.* Paris: Libraire Ernest Leroux.

Dumézil, Georges. 1985. "Science et Politique: Réponse à Carlo Ginzburg." *Annales-ESC* no. 5 (September–October): 985–89.

Durand, Jean-Louis. 1926. *Sacrifice et labour en Grèce ancienne.* Paris-Rome: Editions de la Découverte.

Durand, Jean-Louis. 1979. "Bêtes Grecques." In Detienne, Vernant, et al. 1979.

Eribon, Didier. 1992. *Faut-il brûler Dumézil?* Paris: Flammarion.

Feeley-Harnic, Gillian. 1981. *The Lord's Table: Eucharist and Passover in Early Christianity.* Philadelphia: University of Pennsylvania Press.

Gautier, Philippe. 1985. *Les Cités grecques et leurs bienfaiteurs.* Athens: Ecole française d' Athènes.

Ginzburg, Carlo. 1985. "Mythologie Germanique et Nazisme: Sur un ancien livre de Georges Dumézil." *Annales-ESC* no. 4 (July–August).

Hirschman, Albert O. 1995. *A Propensity to Self-Subversion.* Cambridge, Mass.: Harvard University Press.

Hirschman, Albert O. 1971. *A Bias for Hope: Essays on Development and Latin America.* New Haven: Yale University Press.

Hirschman, Albert O. 1968. *Development Projects Observed.* Washington, D.C.: Brookings Institution.

Hirschman, Albert O. 1982. *Shifting Involvements: Private Interest and Public Action.* Princeton: Princeton University Press.

Höfler, Otto. 1934. *Kultische Geheimbünde der Germanen,* vol. 1. Frankfurt: Diesterweg.

Jeanneret, Michel. 1991. *A Feast of Words: Banquets and Table Talk in the Renaissance.* Chicago: University of Chicago Press.

Loraux, Nicole. 1981. "La Cité comme cuisine et comme partage." *Annales-ESC.*

Manin, Bernard. 1995. *Principes du gouvernement représentatif.* Paris: Calmann Levy.

Mann, Heinrich. 1918. *Der Untertan.* Leipzig: Wolff.

Montaigne, Michel. 1933. *Essais.* Paris: Bibliothèque de la Pléiade.

Morineau, Michel. 1987. "La douceur d'être inclus." In Françoise Thélamon, ed., *Sociabilité, pouvoirs et société.* Université de Rouen, Publication No. 110.

Murray, Oswyn. 1982. "Symposium and Männerbund." Concilium Eirene, XVI, ed. P. Oliva.

Pascal, Blaise. 1969. *Oeuvres Complètes.* Paris: Bibliothèque de la Pléiade.

Rabelais. 1934. *Oeuvres Complètes.* Paris: Bibliothèque de la Pléiade.

Rostow, W. W 1960. *Stages of Economic Growth.* Cambridge: Cambridge University Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Sartre, Maurice. 1991. *L'Orient romain*. Paris: Seuil.
Samuelson, Paul A. 1954. "The Pure Theory of Public Expenditure." *Review of Economics and Statistics* 36: 387–89.
Samuelson, Paul A. 1955. "Diagrammatic Exposition of a Theory of Public Expenditure." *Review of Economics and Statistics* 37: 350–56.
Schmitt Pantel, Pauline. 1992. *La Cité au Banquet: Histoire des repas publics dans les cités grecques*. Rome: Ecole Française de Rome.
Scitovsky, Tibor. 1976. *The Joyless Economy*. New York: Oxford University Press.
Simmel, Georg. 1984. *Das Individuum und die Freiheit: Essais*. Berlin: Wagenbach.
Symons, Michael. 1994. "Simmel's Gastronomic Sociology: An Overlooked Essay." *Food and Foodways* 5, no. 4: 333–51.
Theweleit, Klaus. 1987. *Male Phantasies*, 2 vols. Minneapolis: University of Minnesota Press.
Throsby, David. 1994. "The Production and Consumption of the Arts: A View of Cultural Economics." *Journal of Economic Literature* 32 (March): 1–29.
Veyne, Paul. 1976. *Le Pain et le cirque*. Paris: Seuil.
Waite, Robert G. L. 1952. *Vanguard of Nazism: The Free Corps Movement of Postwar Germany*. New York: W.W. Norton.
Weiser, Lily. *Altgermanische Jünglingsweihen und Männerbund*. Baden.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Michael Benedikt

COMPLEXITY, VALUE, AND THE PSYCHOLOGICAL POSTULATES OF ECONOMICS

ABSTRACT: *Does the contemporary built environment—the ensemble of our humanly created surroundings—make us happy? This question prompts a consideration of the psychological dimensions of economic value, and of Tibor Scitovsky's revisions of standard economic theory. With Scitovsky as a starting point, a model of value based on modern complexity theory and a Maslow-like rendition of human needs can account for some of the more important exceptions to the law of diminished marginal utility, including those that may undermine the built environment in a market economy.*

It gave me great pleasure to read Tibor Scitovsky again for this symposium. Few, today, are the economists who keep before us so clearly and passionately a vision of the good life, of what prosperity is *for*, and therefore of what the discipline of economics is ultimately aimed at bringing about.

My own investigations into the foundations of economic behavior sprang from an ambivalence, similar to Scitovsky's, about the fruits of our economic system. This unease led me into similar biological and psychological territory, and towards similar conclusions. But I have differences with Scitovsky. I have emendations to offer;

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Michael Benedikt, the Harwell Hamilton Harris Regents Professor of Architecture and Director of the Center for American Architecture and Design at the University of Texas, Austin, TX 78712, telephone (512) 471-9890, telefax (512) 471-7033, e-mail mbenedikt@mail.utexas.edu, is the author of *For an Architecture of Reality* (Lumen, 1987), *Deconstructing the Kimbell* (Lumen, 1990), and is the author/editor of *Cyberspace: First Steps* (MIT, 1991).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and it may help if I clarify at the outset what an architect like myself was looking for in turning to economic theory in the first place.

First were questions about "the slumming of America." With its urban sprawl and endless strip development, with its parking-lot-destroyed downtowns and numbing developer suburbs, with its cracked sidewalks (where there are any at all), weedy parks, and wire-crossed skies, the American landscape is mired in ugliness. For two generations at least, the deterioration and cheapening of the physical environment has proceeded in several dimensions simultaneously: the loss of generosity in the size of buildings and the quality of their construction; the reduction in their complexity and in the detail of their design; the neglect of human scale and socioeconomic variety in neighborhoods and public spaces; the sparse commitment of capital resources to creating new infrastructure and to maintaining the old; the powerlessness of most city councils to restrain developer interests, and the alarm of others who stop development completely. Perhaps not coincidentally, all this has accompanied similar trends in dress and speech codes, in educational standards, and in much else.

But what have we here but the ineluctable play of "economic forces"? America, after all, is a democracy, one in which people are largely free to do what they wish with their votes, their time, and their money. Here, in the world's premier example of a free-market system, businesses (ironically) *must* cater to consumers' wishes in any way they can, or die. The consumer is sovereign. It seems, then, that if the outcome of this combination of desire and manufacture and law is an unlovely and unloved landscape, then this must be what people want.

Unlike the economist, however, the architect gazes disconsolately through plate glass at the parking lot and utility poles across the way. "Unlovely and unloved," he thinks, "—a vicious circle." He remembers the cafés and boulevards of Paris and Prague, the park at Sceaux, the towns of Tuscany, the teeming streets of Tokyo with their $700/square foot buildings ablaze with neon, and as he turns back to the problem of expunging the last dollar of "unnecessary" expense from the project at hand, his mind turns to questioning the economic forces that have made this landscape inevitable, to looking for the invisible hand that now guides *his* hand. What do eco-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nomic forces and economic laws have to do with *value*? Where *is* the money going?

The last question is easier to answer than the others: the share of GNP going to (non-military) construction dropped from more than 11 percent in 1950 to less than 8 percent in 1990. The number of square feet built per annum increased over the same period from 600 million to 3.5 billion. This means that a 600 percent increase in construction volume was achieved with a 25 percent decrease in the proportion of GNP. Efficiency? Enviable returns to scale? This is the economist's way to look at it, the view of one who does not see that *the product itself has changed*. For it is clear that we are progressively directing relatively less of our total wealth and effort to infrastructural and architectural quality. Over the same period of time, the share of the GNP represented by the banking, real estate, entertainment, tourism, and communication sectors of our economy grew in precisely the opposite direction. My conclusion? Our environment has become ever more commodified, ever more the subject of short-term investment and resale rather than lifelong dwelling. To escape our dispiriting environment we go to the movies. We go to Disneyland, to resorts, and to Europe for our fix of architectural interest and beauty. At home and at work, the television—and latterly the computer screen—has replaced the window, just as surely as air conditioning replaced the fresh air that once blew through it.

A true theory of value would help to tell us what is being lost and what is being gained. Such a theory is what we need. If we were to find that the new entertainment and communication media are fulfilling the same human needs as nice buildings and gardens and streets do, or did, then we could lay the architect's fears to rest. To hanker after Parisian sidewalk cafés, Southern front porches, or New England village greens could turn out be little more than nostalgia in an era when chat rooms, BBSs, and Multi-User Domains are proliferating on the Internet, providing transgeographic friendships and virtual community for millions of people.

"Value" is the word we use to compare the goodness of things: if we knew *how* and *what* we valued, we could be more open about the specific kinds of things that would or should satisfy us. It indeed might turn out that the "real" and the "virtual" are equivalent in value. And amongst real things, so too might horse racing and swamp-buggy racing be of equal value, grand opera and the Grand

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ole Opry, the sun sliding slowly across a library floor and the brash, cascading lights of Las Vegas.

Economic Value

So what does it mean for something to have value? Today we have theories of *prices*, of money, and of market dynamics, but not of value; today we have theories of *economic* value, but not of value *per se*, which would have to include aesthetic, moral, ecological, scientific, medicinal, and sentimental value, and so forth, all combined and competing with each other. A hundred and more years ago, when economics was still developing from moral philosophy into "political economy," there was no question that *value* was the difficult, central, and unifying concept. Political economy was to be the science of value. With the wind of the Enlightenment strong in their sails, practitioners of this science would see human life as a legible whole, all things "good"—save perhaps the most spiritual—emerging from work, from capital, and from productive relations among people. It is to such socially and psychologically based discussions of secular value as H. H. Gossen's *The Laws of Human Relations* (1853) and Friedrich von Wieser's *Natural Value* (1893) that I think Scitovsky wants to return modern economic philosophy—though improved, of course, by what has been learned since.

And what has been learned since?

Part of the answer surely involves a new appreciation of, and new tools to deal with, complexity. We have learned that the economy is a "complex system," like anything living, like a whole ecological system, like a brain. The quasi-hydraulic metaphors that inform neoclassical equilibrium theory, as elegant as they are idealized, are similar in many ways to the psycho-physics of Freud, with its basic drives, forces, sublimation, substitution, cathexes, and equilibrium-restoring processes. Conversely, Samuelson's *Economics*, say, can be read as a psychological text—even a neuropsychological text—with the mind's deepest processes unwittingly magnified and projected out onto the world and the relations between people with fractal self-similarity. For the mind is a complex system too, perhaps even a reflection or *infolding* of the social-economic order, at least in its higher functions, as Hegel, Marx, G. H. Mead, Lev Vygotsky, R. D. Laing, and most recently, Marvin Minsky, have suggested.[2]

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This incautious view has the merit of making the "marriage" of economics and psychology desired by Scitovsky and many others—the return to consideration of the concept of value—seem no strange quest, no fringe pursuit, no attempt at "imperialism" from one field or the other, but an entirely natural enterprise, one that invites discovery and testing.[3] Indeed, considering how deep were Adam Smith and Jeremy Bentham's insights into human happiness, and how early they were to accept both the inseparability of politico-economic and social-psychological life and the fundamental calculativeness of the human psyche ("fellow-feeling" notwithstanding), it seems unnatural that economics and psychology have become so far separated.

Readers of Scitovsky will recognize in his work many of the themes and interests introduced above: the call for valuing goods one must *learn* to enjoy, such as complex and difficult music, good wine and cuisine, literature, debate, chess, all of the fine arts (as opposed to mere entertainment), and, despite Scitovsky's limited focus on the subject, fine architecture. A good society would not only *supply* these goods but would educate the *demand* for them among consumers. Qualitative growth would pick up where quantitative growth leaves off.

There is also in Scitovsky, especially in *The Joyless Economy* (JE), a distinct strain of Europhilia: *the Europeans know how to live!* Most urbane and educated Americans, and almost all architects, might agree with this sentiment; but not without a certain struggle. Scitovsky struggles too, and with considerable grace. Europe produces Paris and London, and even the New York and Boston of long ago; America, jazz and the movies, to be sure. But physically, materially, environmentally, our freewheeling ways produce mainly the commercial wastelands of a Denver or Atlanta, a Phoenix or Los Angeles, a Dallas or Miami, spreading like prairie grass down shopping strips, shimmering in the haze as far as one can see. Can we envy the magnificent material and cultural achievements of two thousand years of European history and yet find totally unsuitable the feudalism, ecclesiasticism, aristocracy, mercantilism, and more or less continuous warfare that brought them about? Can we take pride in the scrappy, make-do inventiveness of our American pioneer culture, with its Puritan asceticism, its common-sense pragmatism, its individualism, egalitarianism, and take-it-or-leave-it attitudes toward everything requiring commitment to anything other than

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

freedom itself . . . and yet long for the order and quality, the richness and permanence of milieu and culture, which we associate with European gentility (and its sometime American emulations)? These are questions that Scitovsky does not tackle directly or extensively. Nor am I able to here. I am nonetheless optimistic that, *if it is what we want,* new bases, new incentives, and new arrangements can and will be found within our economic system that will produce, incrementally, the best of both worlds, Old and New. And if this *is* what we want, the way there begins, I believe, in an examination of our economic system through the lens of a modern, psychologically based theory of economic value of the sort that Scitovsky seeks to establish.

Writing JE in the early 1970s, Scitovsky could not foresee the turn towards "European-style" sophistication that would be undertaken by large numbers of the nouveau riche and even the not-so-riche of the 1980s: towards foreign luxury cars (mostly leased), wine, ballet, opera, and classical music stations in every medium-size city, towards gourmet groceries and restaurants, new museums, postmodern classicism in buildings and furniture, adventure tourism, and a certain Wildean enjoyment of fashions and fads in general. Scitovsky admits as much in his Preface and Appendix to the 1992 edition of JE, turning our attention instead to the problems remaining among the lower middle classes and the rural and inner-city poor: lives numbed and dumbed by television, surrounded by mass-produced gewgaws, prison-like schools that place students' self-regard above academics, chronic under- and unemployment, demoralization, family breakdown, crime, drugs. Startlingly, Scitovsky lays the blame for most of these problems at the foot of *boredom*, caused by too much comfort (x–xi). "Poverty and miserable living conditions" are factors too, Scitovsky admits,[4] but boredom is the real culprit: the poor in America have too much time and not enough meaningful to do with it, and so they "look for trouble."

One begins to wonder: shall bread and circuses be the solution, again?

Of course, exploring the problems of poverty and crime was not Scitovsky's purpose in writing JE. He was interested, rather, in the vacuity of middle- and upper-middle-class life in America, an interest that was not (and is not) his alone.[5] And yet, the fact that he goes on to suggest nonetheless, in the revised edition of JE, that what might come out of reading it now is an indictment of bore-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dom in creating the problems associated with poverty raises some deeper questions about his theoretical orientation.

This orientation, as I read it, is marginalist or neoclassical utilitarianism, except that Scitovsky posits *optimal stimulation*, or "pleasurable excitement," as a need in itself. This assertion is based largely on the findings of the physiological psychology of the 1960s and 1970s. Here, I believe, we can begin both a critique and an appreciation of Scitovsky's thought.

Happiness and Utility

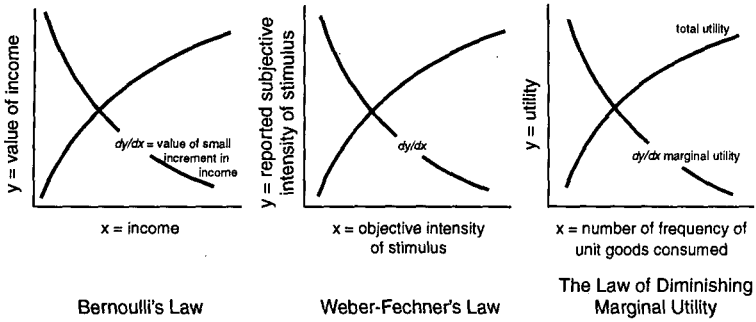
In conventional marginal utility analysis, the word "utility" does double service: it is both an attribute of an object that satisfies or goes some way towards satisfying a human need, and an attribute of the person experiencing the satisfaction: one "enjoys" greater "utility" when one consumes such and such quantities of goods x and y. The first usage—that something has utility if it satisfies a need—is to my mind more felicitous, and I shall try to stick to it.

According to marginal utility analysis, the utility to a given person of a series of similar goods does not generally increase linearly with the number or frequency of the goods she consumes. Rather, as with a bowl of soup, the last few spoonfuls contribute less to one's feelings of satisfaction than did the first because the feeling of lack, or *need*—in this case the feeling of hunger—is progressively lessened. In general, the "marginal utility" of a good—the value of its last-added unit—decreases as the total number of units which have already been consumed increases. This gives us the rule, or "law," of diminishing marginal utility, usually attributed to Hermann Heinrich Gossen, who (around 1858) called it the Law of Satiable Wants.[6]

The fundamental form of this law, however, was produced in 1730 by the polymath Daniel Bernoulli. He suggested that the economic significance of a unit of money income is inversely proportional to the amount of money one already has, and he gave it a strict formulation.[7] This view, and its formulation, became the basis for the Weber-Fechner Law of just-noticeable-differences in experimental psychology, which related the objective magnitude of a stimulus, such as the brightness of a light or the loudness of a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 1. Diminishing Marginal Utility


y = value of income
dy/dx = value of small increment in income
x = income
Bernoulli's Law
y = reported subjective intensity of stimulus
dy/dx
x = objective intensity of stimulus
Weber-Fechner's Law
y = utility
total utility
dy/dx marginal utility
x = number of frequency of unit goods consumed
The Law of Diminishing Marginal Utility

sound, to the intensity of the subjective sensory experience of it. Hence Figure 1.

In all these cases, increasing the intensity of "input" to the human perceptual/valuational system was demonstrated or asserted to be ever-less effective. Conversely, experiencing equally large gains in effect was said to require ever-larger intensities of objective input.

Let us, for now, accept these assertions.

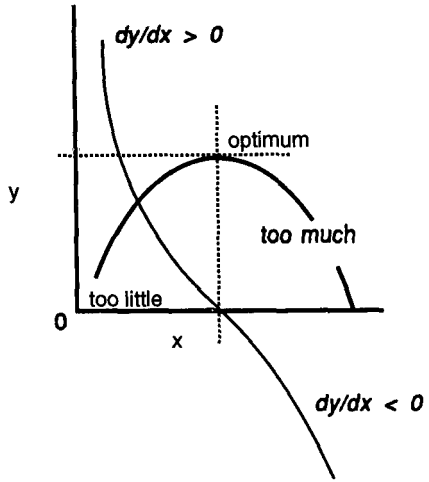
What happens, one wonders, if inputs become arbitrarily intense? Surely, in many cases, satisfaction or utility will not just become asymptotic to, or approach, some maximum. Rather, it will decrease again: curve down. Take the example of food: eating beyond satiation will make one feel ill. Similarly, a caress endlessly repeated becomes painful; something *too* exciting becomes frightening. Light can blind, sound can deafen. It would seem, then, that for any sensory or valuational computation where the optimum of subjective effect occurs at less than the fullest possible intensity of input, we must have a curve something like that shown in Figure 2.

This "inverted U" curve, also known as the Wundt Curve or the Yerkes-Dodson law, clearly does not apply to all goods: it seems that one can never have enough money, for example, or wisdom; but it does seem to apply to many other goods, and certainly to the ones that interest Scitovsky.

I have left the x- and y-axes generic and unnamed in Figure 2 in order to explore what I believe are some confusions in Scitovsky's assignments of meaning to the Wundt Curve *vis-à-vis* economic value. For Wilhelm Wundt, the x-axis plotted *stimulus intensity*, and the y-axis *pleasantness* (with $y < 0$ denoting unpleasantness). For

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 2. Scitovskian Utility (Wundt Curve)



Scitovsky, via Daniel Berlyne's work in aesthetic perception, the y-axis continues to plot pleasantness-unpleasantness, but the x-axis plots stimulus *newness.*

For Robert Yerkes, the x-axis plots *arousal* and the y-axis *performance efficiency.* As the level of arousal increases, so performance improves—but only to a point. Beyond this point, more arousal leads to a deterioration in performance due to anxiety or stress. And what is "arousal"? It seems that the brain has a group of neurons, the reticular activating system, found along the center of the brain stem running from the medulla to the thalamus. This system is responsible for changes in the brain's overall level of wakefulness: from sleep to excitement, from vague inattention to the world to attention focused upon some salient feature of it.

Now what Scitovsky, the good marginalist, asks us to do is pay attention to the changing *slope* of the Wundt Curve given by the differential dy/dx. We note that the slope is horizontal, i.e. $dy/dx = 0$, when y is highest, that is, when arousal (stimulation, newness . . .) is neither too much nor too little, but "just right" to achieve maximum performance or maximum pleasurable feeling: the Middle Way, the Golden Mean, Goldilocks's Baby Bear . . . and Mihaly Csikszentmihalyi's "flow" (to which I shall return). Scitovsky now renames the y-axis "*comfort.*" He then calls all rightward "motion" towards maximum comfort from the left the *pleasure* of "*stimulation,*" and all leftward motion towards maximum comfort, somewhat

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

confusingly, the *pleasure* of "*comfort*." That is to say, stimulating pleasure consists in movement towards greater arousal from suboptimal levels, and comforting pleasure consists in movement towards lesser arousal from beyond-optimal levels. Pain (or displeasure) is simply movement in the opposite direction (from the same starting points). The outcome of this process is that when one has reached the optimal level of comfort, γ_{max}, one feels neither pleasure nor displeasure, just *comfort*.[8]

Scitovsky is here, in effect, restating Spinoza's definitions of pleasure and pain:

> PLEASURE is the transition of a man from less to greater perfection. PAIN is the transition of a man from greater to lesser perfection. . . . I say transition: for pleasure is not perfection itself. . . . Neither can we say that pain consists in the absence of greater perfection. For absence is nothing whereas the emotion of pain is an activity; wherefore this activity can only be the activity of transition from a greater to a lesser perfection—in other words, it is an activity whereby a man's *power of action* is lessened or constrained.[9] (Spinoza 1934, 176)

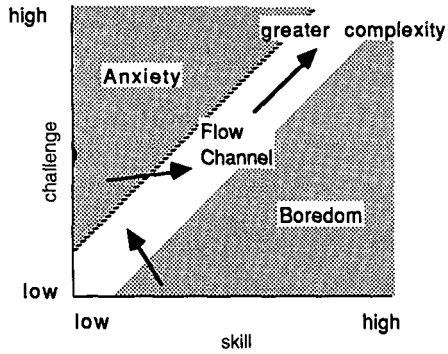
Note Spinoza's emphasis on movement, transition, "slope." I highlight the phrase "power of action" in this passage in order to point out its affinity on the one hand with the concepts of optimal arousal, performance, and flow, and on the other hand to begin to question whether Scitovsky has not lost too much by collapsing such concepts into "comfort" or the lack of it. For what is puzzling is that Scitovsky rarely has much good to say about comfort as a worthy goal. This was certainly not true of Spinoza, for whom "perfection" was the ultimately worthy goal, admitting of infinite degrees, and of which one could not have too much.

Now briefly to "flow." People are happiest, writes Csikszentmihalyi (1990), when they are engaged in activities which are neither too easy nor too difficult for them, when their skills and the challenges that meet them are matched, and both increase in tandem over time. This is "flow," portrayed in Figure 3.

Ideally, as one's skills increase, one seeks new challenges; as challenges increase, one seeks new skills, all the while trying to stay in the satisfying, even euphoric, "channel of flow" where work is not labor at all and feelings of pleasure and accomplishment commingle. Scitovsky and Csikszentmihalyi, although they do not cite each other, have much in common. Both take an essentially informa-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 3. Csikszentimihalyian "Flow"



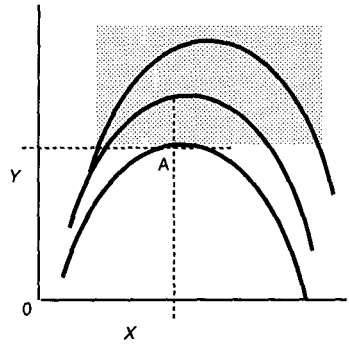
tion-processing view of value; both cite Berlyne and others in the field of aesthetic perception; both want to recast work as a source of meaning and pleasure rather than as a "disutility." But what is appealing in Csikszentmihalyi is something that is missing in Scitovsky, namely, a sense of absolute progress or evolution: in social arrangements and in individual consciousness, progress is movement toward the greater complexity and organization of life and thought which, I would suggest, constitute Spinoza's "perfection." For Scitovsky, comfort as a goal represents a pleasureless, indeed "joyless," dead end. We are therefore properly to value pleasure as much as comfort, if not more, which means we are to be situated as much as possible on the *slope* of the Wundt Curve, preferably on the left, increasing-stimulation, side.[9] This is the dynamic element in Scitovsky's theory, intended to encompass "human growth." But his theory seems to lack the extra dimension required to handle it, a hierarchy of needs and/or a way to speak about "increasing optimal levels of comfort."

These two ideas can still be improved upon, as I hope to show, but they already suggest a picture like Figure 4. Here, any movement from point A, which is optimal, to a point in the shaded area would be pleasurable even if the second point were suboptimal with regard to the new Wundt Curve it lay on (and which might belong to a higher need or activity). Then, indeed, valuing pleasure over comfort would be sound strategy once more, aimed, ironically, at comfort again, if at comfort of a more complex sort.

Something like this is already happening in Csikszentmihalyi's representation because the z-axis, coming out of the page as it

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 4. Gaining Pleasure from Progressive Moves toward Comfort



were, is complexity—"good" complexity, enriching complexity—of just the sort Scitovsky advocates throughout JE. In Csikszentmihalyi, "flow" substitutes for "comfort"—it is the "good place to be"—but without Scitovsky's attribution of passivity or stasis to this place. Flow is a continuously pleasurable doing/thinking/growing. It is not a point of zero slope on the crest of a Wundt Curve, which one must renounce so as to climb toward it again and again like Sisyphus, nor is it a futile running-in-place. It is an always-comfortable, rewarding "channel" of *activity*, intrinsically allowing real progress rightward and upward.

Scitovsky might want to respond that the need for stimulation he posits is just the thing that drives people into the "flow channel." But this response would require Scitovsky to revise his notion of comfort, which would have to be situated on a slope in another dimension. In JE, Scitovsky introduces a simple, hierarchical partition of needs, I think, precisely in order to avoid this option. First he identifies comfort with easily satisfied physical needs, such as for food, water, warmth, and sleep. Then he asserts that all other and higher needs—for conversation, music, social status, fun, luxury, and so on—reflect our need for stimulation, for greater arousal. This leaves no room for the idea of higher *comforts*, which seems to me to short-change Scitovsky's own insights. Dozing contentedly at the opera is much different from dozing contentedly on the sofa, though they are comforts both. Three asparagus Napoleons with oriental black bean sauce are more satisfying than three hot dogs with ketchup and relish not because, or only because, they are more

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

European or more interesting in the eating, but because the level of comfort—of *savoring*—achieved upon having eaten them is that much richer and more complex, too.

Without adding this third dimension of complexity, without allowing for higher comforts, the older idea of (positive) marginal utility, which states that an *increase* in total utility, not its total quantity, is the measure of value, already has within it much of what Scitovsky suggests about "motion" and "stimulation." His theory would then amount only to pointing out that utility curves can arc down upon overconsumption.

Value and Complexity

One approach to value would define it in the most universal terms: value accrues to anything that increases the life-time of the living system on behalf of which that value is judged. By "life-time" I mean the mathematical product of "life," meaning vitality or lifefulness, and time.[10] By the measure of life-time, a short, complex, and intensely lived life is equivalent to a long, simple, and comfortable one; and a "full life" is of greater accumulated value than an equally long, empty one.

Now time, being measured in minutes, hours, years, is not very problematic. But how to measure the "amount of life" in a person or group, or, for that matter in a city or ecosystem? Restricting ourselves to persons, we can see how "arousal" (or "reticular activation level"), the "power to act," "efficient performance," "pleasurable excitement," and "flow" might all be pointers to this more fundamental variable of lifefulness: a mind and body somehow working together at peak complexity with little or no error. Intelligence, attention, brightness, skill, acumen, insight, vitality, achievement, capability (this last is Amartya Sen's desideratum)—near synonyms proliferate for what we all intuit as life in its most human, and also universal, burgeoning form. Riding atop this ocean swell, surfing with skill and joy, seeing all there is to be seen, feeding and at the same time shaping the flame within us so as to burn as brightly and shine as far as and for as long as possible—metaphors, too, proliferate; what else is there to want? What else has *value* but that which helps us do these things, for ourselves and those we care for?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The economists' staid stand-ins for value, utility and marginal utility, are not wrong; they just lag behind this expanded and richer conception.

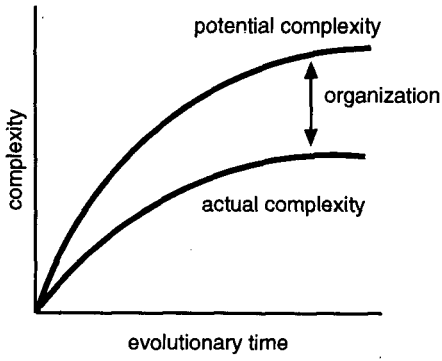
In fact there are many measures—biological, psychological, economic, and sociological—of "lifefulness," and the problem at the theoretical level is to put our finger on what they have in common. What they have in common, I believe, is the property of *complexity-and-organization.*[11] As the biologists Daniel Brooks and E. O. Wiley (1988) argue, life itself is matter, energy, and information brought together in patterns becoming more complex-and-organized through the process of evolution.[12] With long setbacks and sudden steps forward, to be sure, the complexity-and-organization of life on earth on average increases with time. DNA strands lengthen, the number of species increase, populations increase, new ecological niches are formed and occupied; labor "divides," markets grow, communication intensifies, the body of law swells, products and opinions proliferate, technology complexifies *and* simplifies. These are broad brushstrokes, of course, but necessarily, given the space available here.[13]

Brooks and Wiley propose that we visualize the broad evolutionary trend along the lines depicted in Figure 5.

I offer, as a fundamental theory of value, that *anything that contributes to this trend, or rehearses it in microcosm, is judged as having "value."* And should be.

In Figure 5 we see how some information-theoretical concepts can be used to advantage. Complexity is identified with two en-

Figure 5. The Evolution of Complexity-and-Organization



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tropies, potential and actual.[14] *Organization* is then defined as the difference between these two entropies or complexities: when the actual complexity of the system is less than it could be, due to constraints upon the number of states it can occupy and/or the frequency with which it can occupy them, those constraints are what organize it. What Brooks and Wiley propose is that in living, evolving systems, all three—potential complexity, actual complexity, and organization—increase with time, as Figure 5 illustrates. What is more, a particular *proportion* between them is more or less maintained. For if actual complexity comes too close to potential complexity, organization approaches zero and the system becomes chaotic and falls apart. If actual complexity falls too low, the system freezes up; organization is too great. But in the middle, life goes on: Goldilocks redux. (For a more detailed rendition of this line of thought, see Appendix I.)

Value and Needs

Scitovsky does not develop a hierarchy of needs in any systematic way, providing us instead with a simple partition between comfort and stimulation needs and the goods that satisfy them. Most economists are wary of structured need hierarchies—Abraham Maslow's[15] being the most commonly noted and then passed by—and Scitovsky is not much different on this score. Economists prefer to think that human "wants" are indefinitely many, and then concentrate on the myriad goods that these wants call forth in the marketplace. When pressed, they will divide (consumer) goods into two kinds: *necessities*, which primarily satisfy our satiable physical and biological needs, and *luxuries*, which primarily satisfy our allegedly insatiable "higher" needs; and here Scitovsky follows orthodoxy.[16] But this is still too psychological for many economists. For them, necessities are simply identified as those sorts of goods upon which, on average, the rich spend a smaller percentage of their income than do the poor, and luxuries as those upon which they spend proportionately more. Hard-headed economists need only look at charts comparing household budgets across income levels to determine which goods are thought of as luxuries and which not. Preferences are to be "revealed" by behavior, not posited by some normative psychology.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Scitovsky is justifiably unhappy with relying on such after-the-fact statistical analysis alone, and proposes that we look again at Ralph Hawtrey's 1925 distinction between "defensive" and "creative" products. Defensive products are those that prevent or salve pains; creative products are those that procure positive pleasure. This division maps nicely onto Scitovsky's comfort/stimulation distinction, and together they make for some interesting psychological speculation. But, for all this, the defensive versus creative (comfort versus stimulation) distinction, like that between necessary and luxury goods, is still a simple dichotomy where there ought be room for many more distinctions: between many kinds of goods, between many kinds of pleasure, and between many human motivations. Without such an expansion of categories, we are again restricted to a couple of Wundt Curves and really have nowhere to go with them—except perhaps, as Scitovsky does, to berate Americans for spending too much time and money oversatisfying their immediate needs for comfort and convenience.[17]

Even Bentham listed some 100 "springs of action" in his 1789 *Table of the Springs of Action*, belying the modern opinion that he crudely collapsed all human motivations into two—the achievement of pleasure and the avoidance of pain—as though these two were singular, and the only motivations we had, rather than the felt sign and outcome of the *success* or *failure*, respectively, to satisfy a hundred more specific and yet quite universal needs and wants, some honorable and some not. More recently, David Braybrooke (1987) has identified 12 panhuman needs,[18] while Robert Kane has compiled a plausible list of 32.[19]

Any long list of needs, values, or motives, of course, will have specific, socially constrained relations between them and will generate, in their actual pursuit by individuals, a rather complex social machinery. As Braybrooke and Kane point out, it is because of these constraints that most of us could not enjoy an ice cream cone while a hungry child looked on, could not feel free if our families were in danger, could not appreciate someone's art if we knew that he had bribed the gallery owner to show it, and so on. It is because of the complexity and structure of value *systems* that we must all pay a great deal of attention—if unconsciously—to their instantiations, to how the game of life is played, rather than to our pleasure and pain as such, which only constitute the score card.

Might there lie, somewhere between 2 and 100, a manageable

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

number of distinct needs which, properly arrayed, would give us a basis for productive discussion? I think so. Maslow's five needs formed the basis for a very productive theory and style of practice known since the 1950s as "humanistic" or "value psychology." Maslow was no Freud, but his perspicacity should not be overlooked.

Based on Maslow, I propose a set of six needs, organized in a "stratigraphy" (whose geological connotations I prefer to the political and power connotations of "hierarchy"). These needs are largely psychological, or rather, rapidly become more psychological as they rise up the stratigraphy. This is not the place to discuss them at length, or even to persuade the reader of their accuracy and usefulness. But in order to proceed with some understanding of what I am offering in response to Scitovsky, I must list the needs and then indicate how they "work."[20] Beginning with the highest need, they are:

6. The need for freedom.
5. The need for confidence.
4. The need for approval.
3. The need for legitimacy.
2. The need for security.
1. The need for survival.

As with Maslow, the lower needs have priority over higher ones in this sense: they are to be substantially if not completely satisfied before moving on to satisfying higher needs. Any threat to the existing level of satisfaction of a lower need will likely discomfit one far more than the same degree of threat to a higher need. Finally, it must not be thought that once a need is largely satisfied, no more is to be done about it. Against the natural tendency to disorganization and chaos on the one hand, and the equally natural tendency to routine and rigidity on the other, adult life is such that all needs require constant and conscious tending to be satisfied. Periodic if not continuous efforts are called for to maintain, let alone improve or optimize, the social arrangements, as well as the psychological, material, and monetary income flows, by which needs are met. Reaching the top of the stratigraphy thus entails living a very complex-and-organized life, a more lifeful life. This is absolute progress. What contributes to it has value.

A more detailed description of how the needs "work" is sketched in Appendix II.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Exceptions to the Law of Decreasing Marginal Utility

Scitovsky introduces the Wundt Curve of Figure 2 to supersede the standard utility curves of Figure 1. Many economists would argue, however, that nothing dramatic is going on: such curving-over utility curves arise naturally, whenever an increasing total *cost* is somewhere being factored into a computation of *net* total utility.[21] Does this exhaust the possibilities? Is the law of diminishing marginal utility universal, especially when modified to reflect "net" marginal utility?

It is not, as many critics of conventional business economics (including Scitovsky) have pointed out. Gary Becker (1996) and his associates, for example, have for some time now experimented with models of consumption of certain goods that included, as part of their utility function, the increased ability and/or appetite for consuming more of the good. These are goods or activities one "develops a taste for." They can range from playing golf or going to the opera, to gambling or taking drugs. Upon reflection, one realizes that goods that do *not* to some extent also train us in their future enjoyment are actually few and far between. Man is nothing if not a learning animal, and what gives him pleasure he will learn to do again. Smith, Bentham, Mill, and Marshall all noted that the necessary capacity to enjoy life's pleasures begins in many cases simply in the tasting of them, and that this capacity is increased not only through formal education in their respective "arts," but through frequent exposure to them and to those who enjoy them. But if, with every unit good consumed, one's desire for, capacity for, and subsequent pleasure in consuming it increases, then its marginal utility will not drop off, as the law of decreasing marginal utility decrees, but will stay level, or even rise over time.

Most commentators on this phenomenon, including Scitovsky, like to go from this insight directly into a discussion of addictions. I should like to discuss addictions too, but not before presenting three other exceptions to the "law" of diminishing marginal utility.

1. Climactic Satisfactions. Chief amongst examples of exceptions to the law of diminishing marginal utility are sexual desire and sexual pleasure. Certain caresses lead to caresses, the pleasure of each exceeding the pleasure of the one before, until the nervous system

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reaches a climactic stage of excitation. The satisfaction achieved is total, although it begins immediately to dissipate.

Climactic satisfactions and the catharses that follow them are common in everyday life, too. Outbursts of joy and anger, for example, are often manifestations of self-reinforcing accumulations of satisfaction or dissatisfaction that have reached some critical threshold. Political agreements and long-lived insights can be reached after "breakthroughs" that occur only after a "critical mass" of steady or ever-increasing effort at negotiating, searching, or understanding has been invested.

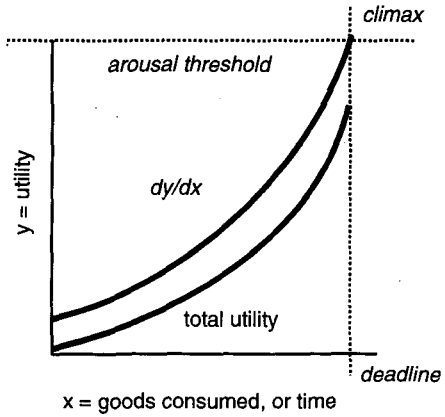
Another sort of climactic satisfaction occurs in the context of goals pursued against *deadlines*. Here, the goods needed or the actions undertaken as the deadline approaches have more value than those that occurred at the outset of the project. Anyone who has worked in a team towards a deadline—say, the publication of a journal, the staging of a concert, or the introduction of a new product—knows of people who hold back their efforts until near the end. Then they appear, selflessly working long hours until the task is done. Such last-minute saviors understand the "mechanics of value" in such situations all too well and are apt to profit from it. Less savvy and less rewarded are those who laid the groundwork for the project in the first place, or who worked steadily all along.

A similar dynamic characterizes sports, of course, and all the activities modeled on them, which James P. Carse calls "finite games." Just as the player who makes the winning touchdown in the final moments of a football game is most admired, so the fifth set in a tennis match, the third genie-granted wish, the last word in a debate, the last days of campaigning in a close election, the last tickets for a concert, the punch-line of a joke, all "count" more than their earlier brethren. And just as the climber forced to turn back from the brink of the summit cuts a more tragic figure than the one who perhaps more wisely turned back earlier, so too is the salesman who loses the sale at the last moment a sadder person than the one who was turned down at the beginning. The auctioneer intones "going, going . . ." and a bidder bursts forth with a higher bid, almost involuntarily.

Consider the technical sophistication achieved by "high-end" tennis rackets, golf clubs, bicycles, fishing rods, and running shoes. Consider the sophistication and expense of modern weaponry. Consider the high prices people (and governments) are willing to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 6. Climactic Satisfactions



pay to gain the "edge" that these products give or promise; and, for that matter, the edge given by the services of high-priced lobbyists, trial lawyers, quarterbacks, and baseball players. Even though the advantage *actually* given with each unit of extra sophistication and cost diminishes rapidly, when the situation is such that "winning is everything"—i.e., when the satisfaction is climactic—the law of diminishing marginal utility is mitigated, if not totally reversed.[22] The utility curve and the marginal utility curve now both ascend to the right, concave upward, as in Figure 6.

The same logic also applies to certain activities that are not so explicitly contestatory in nature. The final scenes of a movie, the last pages of a suspense novel, or the last element of a collection of stamps or art or historical documents all have greater value than the first of their kind precisely because the satisfaction of whatever needs they address has been arranged to be climactic.[23] The "calendar effect" on stock prices is also well known (see Thaler 1992, ch. 11): stock prices are apt to rise the day before trading holidays, before weekends, before closing every day, at the turn of the month, at the turn of the year. The distribution of finishing times of a marathon race follows a bell curve, the bulk of the runners finishing at the average time. But close inspection of the curve reveals spikes just before all of the hour marks, showing how runners push themselves harder to "come in under two hours," or three or four.[24] Deadlines and thresholds, real or imagined, are always real when it comes to valuation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

2. Gifts that Keep Giving: Generative Goods. Another exception to the law of diminishing marginal utility occurs with what one might call "generative" goods—goods that, once bought and owned and used, remain steady in their benefit over time, or even increase in the satisfaction (or misery) they give us, rather than decay. Such goods fall into at least four subcategories:

(i) Things that are biologically alive and/or growing in some way; for example, a pet, a plant, or a piece of fertile land. In some cultures, a husband, a wife, a slave, a child, are thought of in this way: as an ever-productive gift, or an ever-obstructive burden as the case may be, for which some balancing exchange has been made or promised. Some infectious diseases also follow the pattern of this type of "good."

(ii) Non-living goods that are still extremely complex-and-organized; specifically, goods that contain a substantial amount of information that is dependent on the materialization of certain future contexts for its emergence and relevance. They contain "timed-release" information, if you will. Some examples are: an encyclopedia, a CD-ROM, an education, a position in an institution, a fine building or artifact, and so on. Each of these satisfy needs as they arise over time and over a number of situations. Physically robust, these are goods that one *draws upon* rather than consumes, but they do not themselves grow or evolve, as do the previous type.

(iii) Goods similar to the ones above, but which are not in themselves very "heavy" with stored information. They merely act as triggers or keys in various situations, and repeatedly. Guarantees and land deeds are examples. They are devised to satisfy one's need for security more or less in perpetuity. Licenses, academic degrees, good family names, and letters of introduction from people of high station can do much the same thing. "Stay Off the Grass" signs never tire of being officious and grumpy (and sometimes, even keep a few people off the grass). Monuments, flags, and statuary that stand forgotten all year come alive with significance when embraced by an annual ritual. Diamonds emerge on special evenings. Memorable maxims and slogans fall into this category too, as do actions and events whose significance dawns upon one long after the occasion.

(iv) Goods that are themselves devices for making or evincing more goods. A useful tool, machine, weapon, piece of software, rent-producing property; interest-bearing securities, prestige-con-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ferring goods, access to the Internet, a substantial sum of money—all of these are so-called *capital goods*, and with this thought we have crossed over from consumer economics into another realm entirely, namely, the economics of production. And yet one can give and receive, buy and sell capital goods like any other consumer goods, enjoy them as much as we enjoy production, and the satisfaction they give their owners need not diminish.

3. Goals that Keep Receding. Feelings of lack, want, privation, and so on seem naturally to compel us to value most highly that which would relieve us from them most effectively. Conversely, feelings of plenty, satiety, and abundance seem naturally to make us value less highly any additional unit-contributions to satisfying the need in question. Assuming that no cumulative cost is involved or is being counted, the equations and curves that result are the utility curves of Figure 1, familiar to us from economics textbooks, which become asymptotic to some maximum level of satisfaction, S_{max}. In real life as in the mathematics, this maximum is never reached, and most of us learn to feel *satisfied enough* at some level of satisfaction below the theoretical maximum.[25]

S_{max} may be impossible to reach, but it is necessary. To abandon calculations using S_{max} on the grounds that it is a fiction is not realistic at all. It is, rather, to miss the essential role that knowledge and intuitions of ideal, potential states play in our valuational lives. We take particular note of potentials or maxima such as best cases, ultimate pleasures, and other "grand totals" (whether or not they actually occur) precisely for their orientational, limit-setting role. Similarly, if we can agree that the complexity of a decision has everything to do with the number of options we face and with the lack of reasons to choose one option over the other, we might then ask: what is an "option" if not an action that exists in potential, in the future, as a possibility . . . which is to say, does not properly *exist* at all? And what is a "range" of options if not a purely *imaginary* field, no matter how rationally we lay it out and populate it with options? And yet, for all this unreality and immeasurability, few would deny feeling quite viscerally the cognitive load imposed upon us by decisions-needing-to-be-made, by options needing to be "weighed." It is as though thought had mass.

From games of chess to real life, then, every action with valuation requires an assessment of possible future states of affairs and the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

measurement of quantities, extents, and maxima, such as S_{max}, which exist only potentially.

We now turn to the question of the *stability* of such potential maxima.

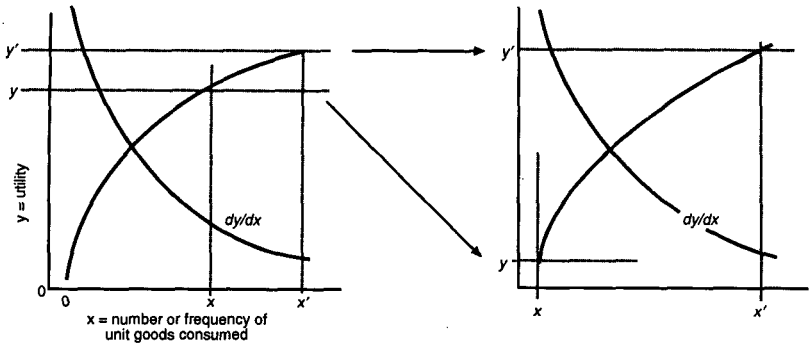
One feature of consumer culture has been remarked upon to the point of obviousness: that soon after has one bought, say, a car or a house or a camcorder, one develops "eyes" for a better one. As Groucho Marx knew, clubs we longed to join often turn out to be full of people less admirable than we had imagined: ordinary people, like ourselves. People who rise to positions of power find that there is more power to be had. People who study a subject for a long time often feel that their ignorance has increased: their awareness of the scope of the subject has grown faster than their knowledge, and the goal of complete understanding recedes. Just as the donkey follows the carrot dangled in front of, but always beyond him, so the romantic young man pursues the chimera of the most beautiful girl he has ever seen, who is always disappearing around the corner or into a crowd. The perfect home, perfect sex, perfect food, perfect love, glamour, power, freedom, financial security; images of what these constitute are adjusted at every step towards them. New goods and new experiences propose themselves as the final one—the one we've been waiting for, the one that will do the trick—and we adopt them half-knowing that they cannot deliver us from, but only open us to, further desire.

A major effect of all this, of course, is to keep the average slope of the utility or satisfaction curve positive, never allowing it to become horizontal, let alone to curve over and down. When goals recede, and with them S_{max}, we can continue to find substantial value in striving towards them. We are always "starting out." And who does not love beginnings; who does not thrive on hope? In standard microeconomic terms: marginal utility never falls to zero when the basis for its calculation, privation, is the upwardly moving target of "enough." In this mode, the effect of the so-called law of diminishing marginal utilities is indefinitely postponed, if not obviated.

Now Scitovsky, like Marx, has no patience for this procedure. The manufacture of impossible dreams and endless new wants (a global industry centered in America) is for him morally tainted from the start: "Market exchanges often create not only satisfactions, but also the needs they satisfy, and anything that gives rise to both a need and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure 7. Re-Scaling Utility



its satisfaction is of little or no use to anyone" (JE 134). One further strategy for postponing full satisfaction remains, however, to which Scitovsky would have no objection, and which we might call *re-scaling*. Here the almost-horizontal tail of the utility curve is redrawn, as it were, to larger scale, emphasizing the vertical axis. This is illustrated in Figure 7. It is as though a magnifying glass were applied. Within this new and more detailed domain, progress can be made at a finer scale and with a new sensitivity to detail. The word *refinement* is appropriate, implying as it does connoisseurship. At the new level of attention, more frequent tokens, goods, and object qualities at smaller scales become relevant. Into this category fall the finishing touches we apply to a work of art, as well as the last injustices we might try to eliminate from some social dispensation. Typically, it takes a tremendous amount of time and effort to achieve what may seem to be rather small improvements if viewed objectively, i.e., by someone not involved, someone who has not re-scaled utility (or satisfaction) and time. As one approaches an ideal, so the task magnifies and fissionates. Returns to effort diminish in one sense, but continue unabated to those whose perception is adjusted to see the finer grain of achievement, and its value.[26]

4. Salted Peanuts: Habits and Addictions. Habits and addictions clearly disobey the economist's law of diminishing marginal utility, which began, we remember, as Gossen's "Law of *Satiable* Wants." In JE chapters Four and Six, Scitovsky presents a rather general, and for that reason comprehensive, account of habit formation and addiction. Here I will try to supplement it.

As many have pointed out, addictions can be good or bad—for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

us, and for those around us. Obsession with some inquiry or pursuit often shades into addiction, and there can be no superior art or scholarship without this good sort of addiction. Addictions to heroin, cocaine, and other drugs are universally judged as bad, but we think of addictions to sugar, alcohol, caffeine, and tobacco as not-so-bad, and call them "habits."

Scitovsky argues that habits are hard to give up because they offer security. He is right: repeated, reliable, and effective behaviors are both comforting and psychically "low maintenance." Although they may start out as trivial in the pleasure they provide—a fillip of confidence or freedom here, a nod of privilege there—with repetition and robustness they soon descend the stratigraphy of needs: it is easy to feel secure when even "unimportant" routines stand up to perturbation. But one's need for security, and the search for it, is not *ipso facto* addictive. Security is just a lower and very important need, one upon which, using my scheme (see Appendix II), the satisfaction of all four of the higher needs depend if they are to contribute to our overall satisfaction, ***S***. People, wisely, are rather wary of tinkering with the arrangements that provide it.

True addictions not only compel us to repeat the act of "consuming" them by delivering pain when we do not, but the amount of pleasure they provide each time wanes. We "build up tolerance," or resistance, to the effect of the good. This induces addicts to consume ever larger and more frequent doses, the lack of which precipitates even greater pain.

This is not the place for a long disquisition on the evils of addictive goods. Strongly addictive goods are rarely legal, so crippling can they become; but suffice it to say that many legitimate goods, such as legal advice, psychiatric services, and higher education borrow some of the mechanisms of addiction to maintain their high value. To engage in them at all is to discover how much more of the same is needed. Many personal relationships, too, involve one party cultivating an addiction (to themselves) in the other. Indeed, not only tobacco companies want us "hooked": ultimately, everyone would like us dependent on what they alone supply.

These are easy observations, however, and I should like to offer something more substantive about the unique challenges to economic theory posed by addictive goods, along the lines that Scitovsky lays out. We will find that Scitovsky's persistent appeal for more stimulating pleasure(s) may not be without dangers of its own.

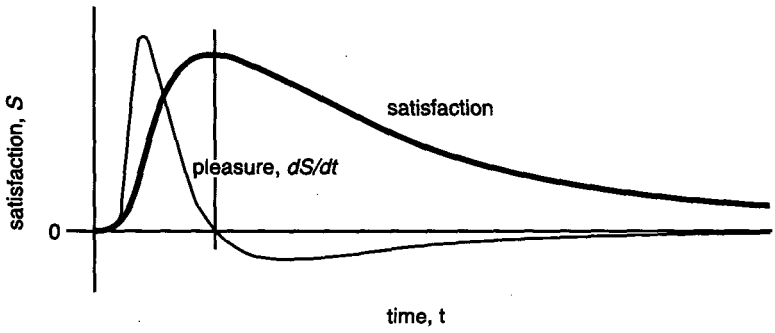
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Few goods give us lasting satisfaction; and those that do ("gifts that keep giving"), when scrutinized, will be seen to deliver their utility in small doses, little waves of satisfaction, more or less closely spaced together as we engage them again and again: touching them, eating them, thinking about them, casting our eyes upon them, making withdrawals, and so forth. Let us look at a single such "wavelet of satisfaction" and give it a plausible, prototypical form.

The wave would begin in anticipation, slope up, reach some plateau, and then begin to ebb or dissipate.[27] Figure 8 illustrates what this might look like, and plots also the first derivative of satisfaction (read "comfort," or "utility") with respect to time, which, as we have determined—and as Scitovsky also proposes, *pace* Spinoza—would be a measure of *pleasure*, or the rate-of-change of satisfaction.[28]

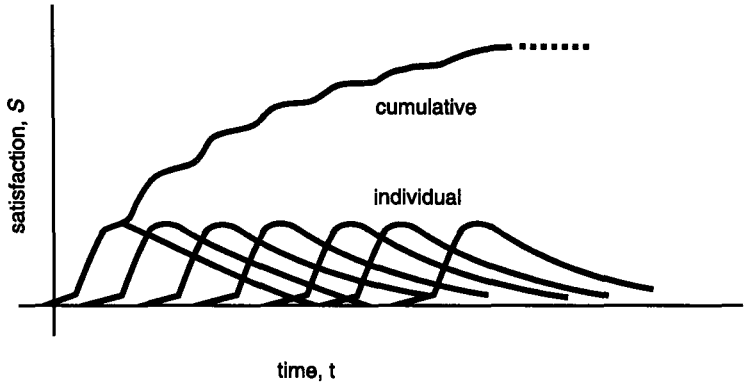
Now, what is the effect of successive wave(let)s of satisfaction such as we feel with bites of chocolate or glances at our loved ones? Assuming for simplicity's sake that they are regularly spaced in time, Figure 9 shows how these individual waves, superposed, would sum in total satisfaction and accumulate. With the prototypical wave form we have posited, notice what emerges: a classic Weber-Fechner "utility" curve! A little bumpy at first, but there you are. Like a single note struck successively on a series of pianos with their sustain pedals down, or on a series of bells, the total sound level curves up to a finite and level loudness. Many interesting thought experiments can be made with this model. For example, we could change the wavelet-form in peak and shape, either individually or as a

Figure 8. A Scitovskian Wave of Satisfaction



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

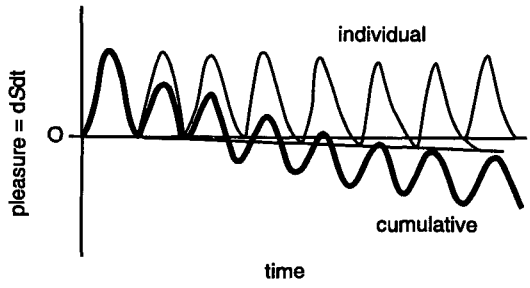
Figure 9. An Addictive Wave of Satisfaction



group; we could adjust its periodicity, gradually or slowly, to see what happens to the cumulative wave, and so forth. Each adjustment would likely have a real-life correlative, some recognizable story of satisfactions come and gone.

We cannot explore the possibilities here. Instead, let us look at Figure 10, which portrays what happens to the successive wavelets of *pleasure* (defined, we recall, as the time rate of change of satisfaction) associated with our prototypical satisfaction waves. The cumulative picture changes entirely. After only a few iterations, as the longer, negative "tails" of the pleasure wavelets begin to overwhelm the shorter positive crests, cumulative pleasure becomes negative and stays there. There are only two ways back up into the positive zone: (1) rapidly decrease the interval of time to the next wavelet, i.e., increase its frequency, or (2) markedly increase the height (peak

Figure 10. The Declining Pleasure of Addictive Satisfaction



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

value, strength) of the next satisfaction wavelet. If we substitute "dose" for "wavelet," are these not the behaviors we see in addicts?

I would suggest that we have here the core of a "psychoeconomic" model of addiction. For as I indicated earlier, I think it highly plausible that the brain constantly differentiates in the mathematical sense, i.e., measures the degree and the rates-of-change of neural impulses, their voltages and frequencies. We know that this is true of retinal, inner ear, and haptic neurons, and it seems reasonable that this "skill" would be common at all levels of mental processing. So too would be the ability to integrate or sum up these changes, yielding cumulative absolute "readings" for the purpose of assessing, comparing, and meeting thresholds. Imagine that our "well-being judgment centers" had a *choice* of whether to pay attention to pleasure levels *or* satisfaction levels, that is, to first (and higher-order) time-derivative data *or* to time-integrated absolute data before reporting to us, as it were, whether we were happy or not. If, through some such choice, we were to register *satisfaction* itself, or at least give valuational priority to it, then our feelings of well-being would proceed as Figure 9 illustrates. If, however, given the same incoming stimuli, we were to register *pleasure* instead, or give valuational priority to pleasure, then our feelings of well-being would cascade downward as Figure 10 illustrates—like an addict's. And like an addict, our only solution would be to wait out the pain, go "cold turkey," or intensify the incoming stimulus (which of course only postpones the problem of pain).

Imagine, in other words, that there are three centers of assessment—I make no anatomical assignments here—the first measuring integrated state-of-satisfaction data, the second registering time-derivative change-of-state, i.e. pleasure, data. Imagine that both of these send their information to a third center that combines them in order to make a judgement of current well-being. Is it possible that there are certain substances which, when consumed, neurochemically paralyze the first center and/or stimulate the second? These substances would *ipso facto* be highly addictive. Or perhaps they disable the third center of assessment, making it deaf to satisfaction and comfort data from the first and registering only the second. The effect would be the same.[29]

We have all heard of "addictive personalities." Is it possible that these are people who by predisposition either have hypoactive satisfaction centers, hyperactive pleasure centers, or pleasure-biased

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

judgment centers? The difference between how an alcoholic and a "big drinker" handles his alcohol may well lie here.

Now let us look at our commerce-driven culture. Producers have an interest in consumers who pay more attention to evanescent, addictive pleasures than to cumulative, if not ever-lasting, satisfactions. A few hours watching television surely conveys the message that endless joy is possible, pleasure higher, higher, never to descend, that ecstasy is at hand. Compared to such images, your daily life and mine are as prisons.

Counteracting this message involves the difficult task of championing certain dormant cultural values, values that discount pleasure in favor of satisfaction, that discount the rush, the thrill, the lift, the stimulation, the titillation, the sensation-alism of what the market claims will make us happier the faster, in favor of pursuits that require appreciation, stocktaking, admiration, understanding, savoring, judging, and the like, whatever the need addressed. Any number of spiritual traditions advise the same. But woe to us if they dominate instead. For the best system is surely one that balances the two: a middle way of a more complex-and-organized sort, one that delivers us pleasure and satisfaction both, joy *and* comfort.

The Joyous Habitat?

I return to the question of architecture and the built environment, less Scitovsky's concern than mine. If our economy were less "joyless" would we have more exciting architecture? I imagine so: contented heads build boring buildings. But it is not *exciting* buildings I am after—Disney can take care of that—but fine ones, subtle ones, comfortable ones, and, yes, more expensive ones.

According to Gresham's Law, bad money drives out good money. What this means, more technically, is that when two coinages of different metals but with the same face value circulate, then, over time, the coin that is cheaper to manufacture (the "bad" money) will come to dominate, and that of the more expensive metal (the "good" money) will become hard to find. The good money will have been returned to the mint for greater amounts of the new coinage, or will have been hoarded for its metallic value.

As time went by and as accounting systems become more elaborate, the value of a coin came to have less and less to do with its

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

material composition and more to do with "seignorage," the authority of the coin's all-but-nonmaterial *imprint* and the universal acceptance of that authority. Paper money soon followed, then digital. The essence of money is its acceptability in trade, and any physical or other property of currency—by definition extraneous—that costs time or materials to produce and that does not furnish this essential trait is progressively stripped away.

Something like Gresham's Law is at work in many sectors of our economy. For the same logic of efficiency applies to any marketplace good manufactured under competitive conditions. Any good that by virtue of its design, materials, or history has more properties or qualities than are valued by the consumer will tend to "evolve" into a more targeted, function-fitting form. Why spend money on extraneous qualities? asks the producer. Why spend money on extraneous qualities? agrees the consumer, who may not even notice what is missing. Goods have "selling points," and these are to be isolated and highlighted at every stage.

Once this logic takes hold, the tendency towards simplification, towards reduction, may be rationalized by appeals to the "beauty of spareness," the "elegance of essentials," and so on.[30] But what draws once-complex and -nuanced and -appreciated products into the funnel of Gresham are the handsome profits to be made—for a while, at least, as previous consumer expenditure-expectations lag behind the falling real cost of the streamlined substitute. The early days of modern architecture were glory days for this reason. Through computerization, education is about to take the same plunge. For when the rate of cost-saving technological innovation slows and the marginal cost of producing a good can no longer drop faster than the expectations of price reductions and/or the loss (with abundance) of the good's value to consumers, the market soon catches up. Competing producers begin to work at the very edge of profitability, cutting corners, and putting the burden of coproduction on the consumer: let *him* fill in the blanks, find the parts, smooth the rough edges, pretend nothing has changed, or learn to like "lean."[31] Will he not be freer, because richer?

For architects today, at any rate, there is very little room to move. The technological innovations of modernism—steel, concrete, glass, height, elevators, air conditioning, prefabrication—have all been exploited. Buildings are about as lean as they can get. There is no going back, even though those fine old buildings that we so admire

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were no more expensive to build in their day than they would be to build again, identically, today, relative to the adjusted general price level. No, the will is no longer there for "frills," for generosity, civic expression, and the like; or if not the will, then ways to promulgate the highest ideals of what is worth doing for ourselves and for our children by way of the built environment (and as against other ambitions such as making money, living forever, or being thoroughly entertained, now).

The American economy in recent times may or may not be joyless, as Scitovsky claims, but the American people are obsessed with *freedom,* and have been so for two hundred years. It is our highest value, our topmost need—which is admirable. But in taking every shortcut we can think of to get there the sooner, our obsession with freedom has propelled us towards valuing ever greater personal mobility and financial liquidity, and fewer attachments and commitments to family, firm, or place. We have no patience for "trappings," for what lasts, closes options, speaks softly, or means too deeply. We have no time for architecture.

Can anything be done about this, on behalf of architecture, on behalf of ordinary Americans who themselves are bewildered and unhappy about where their values are visibly leading them? Can these trends be bucked, mitigated, or here and there harnessed? I believe they can; but this is the subject of another paper.

In going back to the beginnings of value theory, Scitovsky has taken us in the right direction. I hope that I have indicated where some of us might go from there, and what there is yet to find.

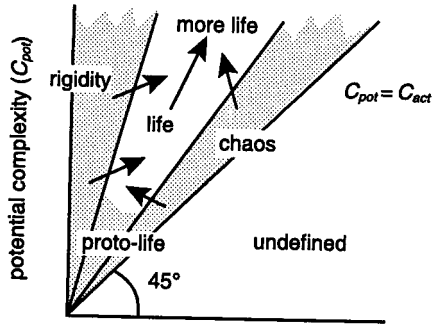
APPENDIX I

Is there a single number or measure of complexity-and-organization that captures this dynamic? Indeed there is. In my own work I have proposed to call it, portentously enough, Ω, which is defined mathematically as the geometric mean of actual complexity, C_{act}, and organization, O (= C_{pot}-C_{act}), giving us the formula $\Omega = [C_{act}(O)]^{0.5} = [C_{act}(C_{pot}-C_{act})]^{0.5}$. Note that if $C_{act} = C_{pot}$, then $O = 0$ and $\Omega = 0$, and that if $C_{act} = 0$, then $\Omega = 0$. (By definition, $C_{pot} \geq C_{act} \geq 0$, so that $O \geq 0$ and $\Omega \geq 0$ always).

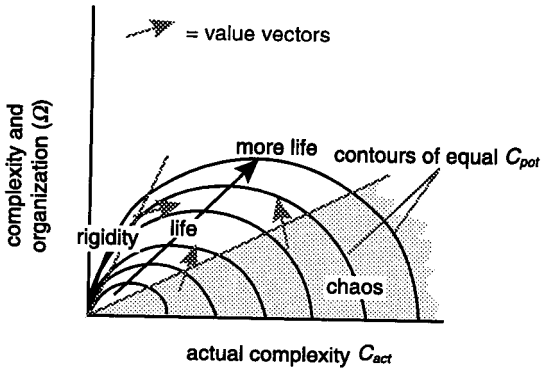
All this can be transcribed as shown in Figures 11a and 11b. Figure 11c is a three-dimensional view of the half-(quasi-)conical surface of Ω . The shaded vectors in 11(a) and 11(b) indicate directions of increase of Ω and therefore positively valued events for the relevant system. Note also that the optimal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

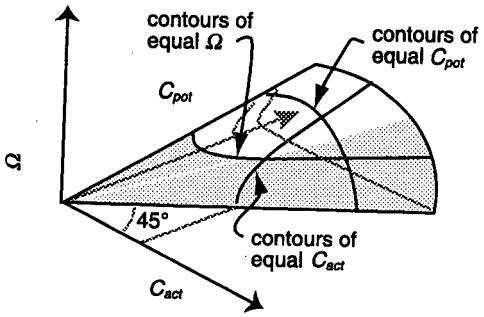
Figure 11



11a



11b



11c

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

proportion of C_{act} to C_{pot} to maximize Ω for any given magnitude of either one of them is $C_{act} = 0.5(C_{pot})$. The locus of points having this maximum Ω lie along the ridge of the cone. This ratio is, of course, something of an artifact of the model in its unparameterized simplicity. One would not expect it to have empirical validity. Nevertheless, it turns out to agree closely with the parameter λ, discovered empirically by Christopher Langton (1992, 44). λ is the normalized ratio of possible to impossible states that a given cell in a cellular automaton can switch to. When $\lambda \approx 0.5$ for each cell, the ensemble of cells crosses over into life-like behavior, that is, to behavior that is neither chaotic nor stationary, but complex-and-organized: predictable in character but not predictable in detail.[32]

The reader may wish to compare Figure 11b to Figure 4. For any given magnitude of C_{pot}, a "Wundt-like" curve is generated with complexity-and-organization—lifefulness—at a peak in the center. From this optimum point, value is to be had only by increasing C_{pot}, which, we remember, equals $\log N$, where N is the number of possibilities for choice and/or action open to the person (or "system"). C_{pot} is thus, in a sense, a measure of potential freedom, or perhaps of freedom itself if one wants to think of freedom as intrinsically a potentiality. C_{act} then becomes a measure of the amount of freedom adopted or actualized. In any event, for us, the "ceiling" of freedom is raised primarily in two ways: first, by acts of imagination; second, by acts of observation or discovery. The first increases the size of the world, as it were, by introducing thoughts and combinations of thoughts, sights and combinations of sights, sounds and combinations of sounds, that had not been experienced before. New goods, new things to do. The second comes from paying closer attention to the character of already existing things, and making finer discriminations in them and between them. Where two things, A and B, were identical before, now they appear as different; with more to consider now, we have the process of refinement, or microcomplexity.

In Figure 11c, in order to continue to "flow" up the ridge of the Ω-cone surface from the "comfort crest" of any one C_{pot} contour, one must adopt and act upon approximately the square root of the number of options or discriminations one is capable of imagining or making. From any *other* starting position on the Ω-cone surface, the vector of most value coincides with the steepest direction upward, given the local slope of the surface. Whether with the consumption of certain goods, with their production, with leisure or any other activity, this entails seeking C_{act} and C_{pot} in greater than, or less than, a 1:2 proportion.[33]

APPENDIX II

The temptation is enormous simply to map the six needs onto six Wundt-like C_{pot} contours as in Figure 11b, and talk about a sort of zigzagging up the ridge of Ω. But this would be too great a simplification. The most parsimonious ex-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pression of total satisfaction (or utility, or well-being), S, that has the properties discussed looks like this:

$$S = S_1(1 + S_2(1 + S_3(1 + S_4(1 + S_5(1 + S_6)))))$$

where $0 \leq S_j \leq 1$ is the current degree of satisfaction of the jth need, $j = 1, 2 \ldots 6$. Notice how the lower needs have "veto power" over the higher. The *value* of any good or activity is given by the change it occasions, not in S_j as such, but in S over some time period Δt. That is to say, $V = \Delta S = (S_{t+\Delta t} - S_t)$.

I use S because there are very few goods or activities that satisfy only one need at a time. Indeed, most goods, and especially *economic* goods, which entail *payment* of some sort, affect some needs in a positive direction and others in a negative direction, and how it all turns out depends on the degree of satisfaction of each affected need at the time. For imagine that the satisfaction of each need, taken separately, obeys the law of diminishing marginal utility. Then a loss to a well-satisfied lower need might be matched by a substantial gain to a very-little-satisfied higher need, thus reversing temporarily the inbuilt bias towards weightier dealings in the lower need. The greyed "vectors of value" depicted in Figures 11a and b refer to V when unlabeled, but, more fully analyzed, each such V-vector could be replaced by a family of six $V_j = \Delta S_j$ component vectors located in different places on the Ω-surface and pointing in different directions. (Note that whereas $S \geq 0$, V can be positive or negative, as can V_j.) Satisfaction—well-being—lies in complexity-and-organization embodied, in lifefulness felt. Value—"well-becoming"— lies in complexity-and-organization changed, in lifefulness increased.

In JE and elsewhere, Scitovsky makes much of the fact that the brain has separate but interacting centers for pleasure and pain, leading him to conclude that "the absence of pain is no precondition for feeling pleasure and . . . a lot of pleasure is compatible with a lot of pain" (62). This surely oversimplifies the case somewhat[34] but, more importantly, Scitovsky does not really require the neuroanatomical information he presents in order to show that one can feel discomfort and pleasure at the same time. The brain is surely, in every part, a capable differentiator and integrator of trains of nerve impulses. So let us agree to what does not require neurological validation (though it might be interesting to trace where in the brain this all happens): that the good often comes with the bad, that we are fully capable of comparing the positive value of the good with the negative value of the bad and arriving at an assessment of the net value of accepting both. We are also fully capable of keeping this net value in mind *at the same time* that we keep the nature and extent of the good and the bad in mind, and for long periods of time at that.[35] At the same time we can be perfectly aware of the price we are paying, in itself a displeasure or pain, and wish it were less. Is this sort of accounting not a daily occurrence? *Work*, for example, is a loss of freedom continuously and voluntarily suffered for the sake of gains in one or more of the other needs as well as for the freedom re-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

turned in the form of a salary or wage, i.e., money to do with what one will after one has done, with some portion of it, what one must.

NOTES

1. As Mirowski 1989 shows, the social sciences in general and economics in particular have always borrowed from the physical sciences of the previous era.
2. The more radical interpretation sets us to testing economic models of neural processes—cell-assemblies as auctions, synapses as points-of-sale, minds as marketplaces—now tentatively being explored by a few researchers in complexity theory, computation, and control system design.
3. I am thinking of the work, over the last 20 years or so, of Gary Becker, Peter Blau, Richard Thaler, Robert Frank, George Akerlof, Daniel Kahneman, the late Richard Coleman, and the late Amos Tversky. Not everyone on this list would agree that *value* is the bridge, or hinge, concept between economics, psychology, social psychology, and moral philosophy which I think it self-evidently is. The thoroughly modern economist is interested in *behavior* and *prices*, not *feelings* and *value*. In such up-to-date online catalogs as "Amazon Books" (http://www.amazon.com), one counts at least 30 book titles since 1985 with the words "economic(s)" and "psychology(-ical)," and as many again if one includes "sociology(-ical)."
4. JE xi, thinking it possible, presumably, to have a law-abiding, essentially-happy-because-sufficiently-stimulated underclass.
5. One can think of similar tracts—John Kenneth Galbraith's *The Culture of Contentment* and Paul L. Wachtel's *The Poverty of Affluence* being two notable ones. Of course, a stream of religiously based, ethically based, New Age, "green," Frankfurt School, and neo-Marxist indictments of the "spiritual poverty" and general ugliness of American consumer society, market capitalism, and so forth, continue to supply their own steady pressure.
6. H. H. Gossen (1810–1858) was the writer who first formalized the rules that govern "the value of the last atom." Gossen himself received very little credit until his ideas were picked up by Stanley Jevons, Leon Walras, and Friedrich von Wieser some 20 years after his death. It is Gossen's *explanation* of the law of diminishing marginal utility as "the weakening effect which continued satisfaction has upon desire" (Wieser's paraphrase) that is of interest to us. For an extended discussion of the intellectual origins of the law of diminishing marginal utility, see Nicholas Georgescu-Roegen, "Gossen's Life and Works," the introductory essay to Gossen 1854. Here one learns of the clear renditions of the idea by Daniel Bernoulli 100 years earlier, and by Jeremy Bentham 50 years earlier.
7. Thus: if M denotes an individual's income and S the satisfaction he derives from it, we would have $dS/dM = k/M$ and $S = \ln(M) + a$ constant.
8. The strength of Berlyne's findings, towards which so much of Scitovsky's argument looks for support, have recently been challenged. Colin Martin-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

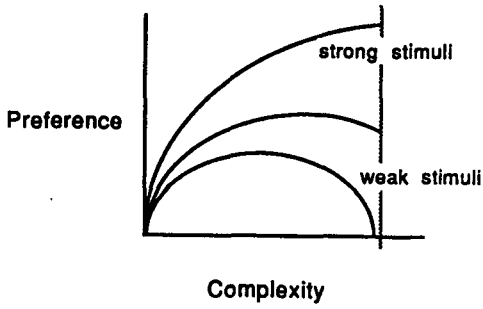
dale, Kathleen Moore, and Jonathan Borkum (1990) find that the effect of polygon complexity on aesthetic preference, which Berlyne reported to follow the inverted-U pattern, is weakly true of only a small range of polygon sizes and complexities (as measured by number of turns). When polygons are large and more complex, the curve follows a monotonic Weber-Fechner-like trajectory. They also found that formal-geometrical complexity of the sort Berlyne used accounted for very little of the preference data—less than 5 percent in most cases—while the dimension of *meaningfulness* (association with recognizable forms, prototypical or natural) accounted for most of it.

Seven experiments using random polygons, drawings, and paintings by Martindale et. al., along with several experiments by others

> call into question the contention that Wundt-curve relationships between preference and its determinants are mediated by arousal potential. Wundt curves were found only with weak stimuli incapable of producing much arousal. (Martindale et. al., 74).

Their finding that *meaningfulness* (rather than geometrical complexity) was the strong predictor of preference should be no surprise to us or Scitovsky; meaningfulness is a sort of complexity, but one generated by the perceiver, and presumably it is "arousing." Unfortunately, it, too, was not found to correlate with preference in an inverted-U, Wundt-curve fashion. Perhaps the experimental stimuli were just not meaningful or arousing *enough*. I take this to be a real possibility, given the rather tame pictures and paintings used; in which case the experimenters only discovered the lower slopes of the Wundt mountain.

Compare this pattern, which Martindale et. al report, to Figure 11b.



9. Using utility function notation, this would mean that for Scitovsky, $U = U(y, dy/dx)$ which might be equal to $ay + b dy/dx$, where a and b are scaling parameters and $b > a$, or even $ay(dy/dx)$ where, if either y or dy/dx is zero, U is zero.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

10. Henri Bergson's concept of *durée*, lived time, has some affinity to what I am after here, but his emphasis was on distinguishing *durée*, as a subjective sense of time or duration, from the impersonal clock time of scientists. In my formulation, all subjectivity is carried by the "life" component. Bergson's vitalism haunts many of the arguments being made by Berlyne, Scitovsky, Csikszentmihalyi, and myself.
11. Csikszentmihalyi's "complexity" is intended to include the idea of organization and thus correspond closely with my more cumbersome but perhaps accurate compound complexity-and-organization. (Personal communication, October, 1995)
12. Also see Weber et al. *1988*.
13. Details aside, not all biologists agree with Brooks and Wiley's essentially progressivist view of evolution, i.e., that there is an overall upward trend in complexity, organization, and general wonderfulness in forms of life; that the Great Chain of Being is in some sense, like DNA, lengthening. Stephen Jay Gould, for example, argues that evolutionary processes merely wander about through the space of reproductive possibilities, now "succeeding," now "failing," now complexifing, now simplifying. Man may come and go, the earth may swarm with life for a million years, lie barren for another million, and then swarm again with another round of creatures; it's all the same to "evolution." No Golden Age awaits, better than any that already was; no approach to God, but a random leaping.

    Few intellectuals today would deny that evolution is "blind," if being "sighted" meant that somehow, somewhere, already set in the future, there was a goal or state of perfection towards which all life forms were purposefully evolving. Rather, the increasing complexity-and-organization of life is thought to arise from within a species itself, emerging, as it were, from its very complexity, a ratchet of accidental solutions to the very problems it accidentally made for itself earlier (mainly in getting along with, or around, other creatures, other species). These are added like qualifying clauses, riders, and corrections to ever longer contracts, conserved and reproduced through the generations that *do* reproduce with these clauses, riders, and corrections intact and effective. Where is it all going? No one knows. The whole metaphor of whereness is inappropriate. It just goes and grows. (My measure of complexity-and-organization, Ω, discussed in Appendix 1, is a dependent variable, and has nothing to do with Teilhard de Chardin's "Omega Point.")
14. Much simplified: the first is always equal to $\log N$ where N is the number of microstates available to the system. The second is equal to $-\Sigma p_i \log p_i$ where the set $\{p_i\}$ $i = 1,2,....N$ is the weighted probability distribution of states the system actually adopts. Brooks and Wiley actually propose a more complex computation than this, using "hierarchical information theory." This allows them to define ensembles of microstates at different scales or grouping sizes which always exist simultaneously in any complex sys-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tem. The conclusions and trends they discuss, however, which we are discussing here, hold up with the simpler computation being shown.

15. These are the five needs Maslow (1970) posited: Physiological, Safety, Love and Belonging, Esteem, Self-Actualization. Later he added two more: the "desire for knowledge and understanding," and "aesthetic needs," but these made his scheme overly complex (inasmuch as they broke with the existing hierarchy) by offering as axiomatic two desires that really need to be explained rather than proclaimed. For example, "knowledge and understanding" constitute a good part of human capital, i.e., of people's productive capacity, in a social system that makes the satisfaction of most needs contingent upon felicitous acts of exchange. Aesthetic needs are also pansystemic: beauty marks certain stimuli as productive and life affirming. Aesthetics is not just about appreciating Art and sunsets: we do not have a separate need for Art and sunsets. Without a sense of beauty we could not appreciate the "sweet deal," the graceful athletic play, or the symmetry that is justice, any more than we could appreciate, for what they finally meant, the coming of spring or the rhythm and sound of a lover's words.
16. Mistakenly, I believe. Many comfort needs actually are *not* satiable, and not just the needs for higher social rank or to continue in some habit or addiction, the two that Scitovsky concedes are insatiable (131–32). At a cost of around $500, a La-Z-Boy or Barcalounger recliner is probably the most comfortable device for supporting the non- or half-sleeping human body ever created. Like the automatic vibrating folding tilting king-size bed, it is a uniquely American invention that takes the primary need for physical comfort to be insatiable. How do we know this? First because hundreds of thousands of these objects are sold every year, and second because they are continuously being *improved* upon: better foams, better hinges, better ergonomics, more styles for different body-types, and other refinements only someone who had owned a few recliners (or beds) before would know to look for. (I saw one development recently: a double recliner with a woodgrain console between, containing a refrigerator, arm rests, a special place for beer cans and coffee cups, and for the TV remote control. I assume that most of these are placed squarely and comfortably in front of wide-screen, Dolby-sound home entertainment systems.) One could easily argue as well that the needs for physical, financial, and emotional *security* are insatiable; and I would hardly call these "higher" needs, which is not to say that people do not get by with less security than they could imagine having.
17. To be fair, in JE Chapter Six (112–32), Scitovsky does list and discuss three kinds of comfort: the comforts of belonging, of being useful, and of sticking to our habits. By the end of the chapter he begins to acknowledge, I think, the greater complexity of need structure that underlies the one he has just presented.

    I might also register here my disagreement with Scitovsky's analysis of the appetites of the American consumer, which I think are as fully stimulation- as comfort-oriented: look at the massive expansion of the gambling

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

industry in recent years, or at the success of such hair-raising, sense-shattering THX movie experiences as *Speed*, or *The Rock*, or *Independence Day* to name but a few recent ones; look at the growth of amusement parks and theme parks, of adventure tourism and dangerous sports. None of these count as (good?) stimulation for Scitovsky because, except for the last, they take little skill or learning to do or appreciate, and because, except for perhaps the movies, a rather small proportion of the population enjoys them often. Most of us, most of the time we are not bored at work, stay at home and watch TV, periodically raiding the fridge.

The point is well taken. But this in itself does not discount Americans' self-acknowledged desire for stimulation. It just says we like our thrills, like everything else we like (including our comforts), to be as cheap (and safe) as possible. We want the greatest "bang for the buck" *and* the greatest "ease for the bang." The problem that well-meaning literati face is convincing ordinary and free people that the psychic rewards of connoisseurship and of "unnecessarily" high skills are commensurable with—no, far *outweigh*—the time, trouble, and money costs of self-education and training. What Americans *do* like to do, though, is *choose*, and move, and shop.

18. Here they are: the needs (1) to have a life-supporting relation to the environment, (2) for food and water, (3) to excrete, (4) for exercise, (5) for periodic rest, including sleep, (6) for keeping the body intact, (7) for companionship, (8) for education, (9) for social acceptance and recognition, (10) for sexual activity, (11) for freedom from harassment and fear, (12) for recreation. Braybrooke follows with a sensitive critique of the limitations and problems of such lists: can they ever be complete? To whom should they apply, and when? Does their substantial satisfaction constitute a human right? In spite of these difficulties, he advocates a needs-list approach to human welfare.
19. Another presumably complete list of needs, one favored by "alternative" or "green" economists, is given by Manfred Max-Neef (cited in Ekins, Hillman, and Hutchison 1992). Like the one I am about to present, it begins in survival and ends in freedom: Subsistence, Protection, Affection, Understanding, Participation, Creation, Recreation, Identity, Freedom, each of which exists in four modes: "being," "having," "doing," and "interacting." Notice the debt throughout, here, to Maslow.
20. For a much elaborated discussion, see my forthcoming book, *Value*. For its more psychological aspects in summary, see also Benedikt 1997.
21. That is, at the point that the cost of getting another x exceeds the pleasure produced by consuming x, the total net utility curve begins to bend down, and net marginal utility becomes negative.

Indeed, the physiological psychologists are saying much the same thing (confirming, by the way, the notion that psychology and economics are twins): the pain centers of the brain, always active, always being factored in, peak later and more intensely than the pleasure centers do. As stimulus

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

intensity increases, the cumulative pain level finally overtakes and brings down the pleasure (JE 60. See also Martindale et al. 1990, 55.).

22. The practical implications of this observation are many. If it is technical sophistication a producer of certain goods or services is after, or if technical sophistication is the means by which he wishes to raise the value and therefore (other things being equal) raise the price he can command in the marketplace, then it will be an attractive option for the producers (and purveyors) of the product to advertise it as being somehow intrinsically mission-critical, this no matter how trivial the mission itself really is. It is one thing for producers to encourage and to profit from consumers' competitiveness with each other, but it is a powerful extension of this strategy to define/depict the nature of what alone will constitute the proper climactic satisfaction, or winning, or both.

    The value, and often therefore the price, of mission-critical goods is enormous. Intense satire was directed at the Pentagon's paying $10,000 each—or was it $5,000?—for toilet seats, but no one complains when a critical machine part for a military mission costs $10,000, even though its true cost of production, in terms of material and labor, may well have been less than the toilet seat's.

    In democratically elected parliamentary governments, small minority parties can have inordinate power when voting is split and/or when the number of seats held by the majority party is still a few short of 50 percent of the house, which is (usually) the threshold percentage of the vote required to pass a bill into law. The minority's handful of votes are then "mission-critical."

    When workers strike (an interesting choice of words), what are they doing but attempting to prove that their work, in aggregate, is mission-critical to the business?

23. (Good) things that are about to go away or vanish forever also become suddenly valuable. It is as though their very vanishing climaxes. The marginalist, however, would argue that these are normal goods whose increasingly imminent *scarcity* is driving up their value.

24. This effect in the New York marathon of 1995 is clearly illustrated by Herring 1995.

25. This may remind us of Newell and Simon's (1972) "satisficing" criterion: in complex task situations, people will use heuristics, rules of thumb, guesses, etc., to reach outcomes that are "good enough" rather than perfect. We work towards satisfactory compromises rather than theoretical optima if only because the return on the effort invested to reach higher levels of satisfaction so diminishes with time spent on the problem that it becomes more costly (in several senses) to keep on searching, thinking, working, negotiating, etc. than almost any better outcome could justify. To put it in Scitovsky's terms, one might say that we often knowingly stop short of allowing the Wundt curve to crest.

26. Freud somewhere referred to this phenomenon when applied to social relations as "the narcissism of small differences." The differences between

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

groups or individuals in conflict, be they cultural or physical or historical, are immensely magnified in order either to maintain the motivation to achieve perfect equality or justice, or to "prove" the intrinsic superiority of one group or individual over another. No end of harm has been done in the name of these ideals, of course, and almost no group of people has not, at one time or another, been isolated and vilified for differences that at other times and places would go unnoticed or be deemed unimportant. Therein lies the rub: which differences *are* "small"? As the bigger ones disappear, so the smaller ones take their place. In the realm of connoisseurship, this is to be welcomed. But in the realm of social relations operating at the stratum of the Need for Legitimacy and below, they are dangerous in the extreme.

27. Notice the similarity between the anticipatory and ramp-up phase of an ordinary satisfaction wave and the pattern generated exclusively by climactic satisfactions, as shown in Figure 7. Even ordinary satisfactions have mini-climaxes . . . if we pay enough attention.
28. In my own work, I define *happiness* as the net change in S, ΔS, making the value of a thing the happiness it brings. *Pleasure* is the time intensity of happiness, $\Delta S/\Delta t$, in the limit dS/dt.
29. Some readers may recognize this argument as similar to "opponent process theory" in psychology, where, in agreement with Scitovsky, two mental processes are assumed to work in tandem, an "*a*-process" and a "*b*-process," where the first delivers pleasure and the second—triggered but not controlled by the first—delivers pain. When, after a period of time, the *b*-process overwhelms the *a*-process, we have one of the conditions of addiction. But notice that in my rendition, the "*b*-process," pleasure/displeasure, is simply the first derivative with respect to time of the "*a*-process," satisfaction, and not a separate thing, "triggered" but then autonomous, with a neural life of its own. See Taylor 1988, 35–57. (The Albanese 1988 volume in which Taylor's paper appears was dedicated to Tibor Scitovsky. Only space prevents me from engaging every one of its essays.)
30. There was no greater and more influential polemicist for these ruinous ideas than Adolf Loos, writing at the turn of the century. Mies van der Rohe's famous dictum "less is more" just drove the arrow deeper. Oh, how the bankers enjoyed architecture's 50-year-long self-denudation in the name of elegance, self-brutalization in the name of strength, and self-banalization in the name of engineering and modern economic planning!
31. Scitovsky 1986 makes much the same point. He does not go so far as to propose, as I do, that inter-seller competition will not drive up quality unless that competition also extends, successfully, to achieving either production-cost-neutral, or production-cost-cutting, design changes in the product itself.
32. Langton formulates his parameter *lambda* for a cellular automaton network thus: $\lambda = (K^N - n_q)/K^N$, where K is the number of states any one cell can be in, N is the number of neighbors each cell has, and n_q is the number of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

possible transitions each cell could make to a state of quiescence, to "dying." The measure K^N, were we to take its logarithm base 2 (i.e. $N\log_2 K$), would be our C_{pot} measured in bits. The difference between K^N and n_q is a measure of actual complexity, since n_q is a measure of constraint, or Organization.

For the numbers he is using, $(K^N - n_q)/K^N \approx (N\log_2 K - \log_2 n_q)/N\log_2 K = C_{act}/C_{pot}$, Langton finds the "edge of chaos" to occur when $\lambda \approx 0.5$. Using his actual figures, the "edge of chaos" he identifies with the liveliness and longevity of the cellular automton (CA) system actually occurs slightly clockwise of the center of the ridge of our Ω-cone, along the border of the shaded area I have called "chaos."

33. And what if one does not know where one is on the Ω-surface? Well, there is a Golden Rule: "always act to make $dC_{pot}/dC_{act} \approx 2$." Such acts will always be of *some* positive value, no matter where one is on the Ω-surface, no matter what the situation. In the long run, this Golden Rule will bring one to the ridge region of the cone. Abstract advice this, to be sure, but it helps us to see how, in principle, a moral situationist/relativist and a moral absolutist *could* share a common model of value. The argument between them amounts to whether or not one can accurately tell "where" one really is on the Ω-surface, or predict the results of one's decisions and actions, i.e., how one would "travel." The greater these uncertainties, the more one should cleave to "tried and true" moral absolutes such as the Golden Rule above.

34. There is some ambiguity in the meaning of "a lot" here. Does he mean number of independent occasions, or intensity at the same time? A bad toothache handily puts pay to appreciating the finest art.

35. The whole equation "$a + (-b) = c$" is kept in mind, gone over, and revised; not just the outcome or bottom line, c.

The work of Leon Festinger on "cognitive dissonance reduction" comes to mind here. Festinger observed that we frequently engage in after-the-fact rationalization of our decisions. With both revisionary thinking and fresh evidence-finding, we significantly alter the weighting and importance of the facts that brought us to that decision. We alter even the bare facts so that the choice made *then*, now—in hindsight—can seem inevitable. "I did what any reasonable person would do" is how we come to feel about decisions that, just before they were made, were disturbing, ambiguous, rich in options, and not at all determinable by clear reason. "Dissonance reduction" is a form of arousal reduction and thus would qualify in Scitovsky's scheme as one more comfort-seeking pleasure. See Festinger 1962 and Festinger et al. 1964. Scitovsky does not refer to this research, although "cognitive dissonance" appears in a list on page 49 of JE.

My point, however, is that whereas economists are only interested in c, in outcomes, psychologists and "psychological economists" need to take into account that in the act of valuation, the mind comes to consider outcome-alone only some time after the purchase in the marketplace, or

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

other commitment, has been made. All the variables remain in mental play, being checked and massaged, before, during, and after the purchase or commitment—history being rewritten all the while, until new decisions and new thinking crowd out the old, and the old becomes settled, acceptable at last.

REFERENCES

Albanese Paul J., ed. 1988. *Psychological Foundations of Economic Behavior.* New York: Praeger.

Becker, Gary S. 1996. *Accounting for Tastes.* Cambridge, Mass.: Harvard University Press.

Benedikt, Michael. 1997. "Psychological Economics: An Outline." *Center 10.* Austin: University of Texas Press.

Braybrooke, David. 1987. *Meeting Needs.* Princeton: Princeton University Press.

Brooks, Daniel R., and E. O. Wiley. 1988. *Evolution as Entropy,* 2nd ed. Chicago: University of Chicago Press.

Carse, James P. 1986. *Finite and Infinite Games.* New York: The Free Press.

Csikszentmihalyi, Mihaly. [1990]1991. *Flow: The Psychology of Optimal Experience.* New York: HarperCollins.

Ekins, Paul, M. Hillman, and R. Hutchison. 1992. *Wealth Beyond Measure.* London: Gaia Books.

Festinger, Leon, V. Allen, et al. 1964. *Conflict, Decision, and Dissonance.* Stanford: Stanford University Press..

Festinger, Leon. [1957] 1962. *A Theory of Cognitive Dissonance.* Stanford: Stanford University Press.

Galbraith, John Kenneth. 1992. *The Culture of Contentment.* Boston: Houghton Mifflin.

Gossen, Hermann Heinrich. [1854] 1983. *The Laws of Human Relations and the Rules of Human Relations Derived Therefrom.* Trans. Rudolph C Blitz. Cambridge, Mass.: MIT Press.

Herring, Hubert B. 1995. "Mind over Muscle." *New York Times,* November 19: E2.

Kane, Robert. 1994. *Through the Moral Maze.* New York: Paragon House.

Langton, C. G., C. Taylor, J.D. Farmer, and S. Rasmussen, eds. 1992. *Artificial Life II.* New York: Addison Wesley.

Martindale, Moore, and Borkum. 1990. "Aesthetic Preference: Anomalous findings for Berlyne's psychobiological theory." *American Journal of Psychology* 103(1): 53–80.

Maslow, Abraham. [1954] 1970. *Motivation and Personality.* New York: Harper and Row.

Max-Neef, Manfred, et al. 1989. "Human scale development: an option for the future. *Development Dialogue* 1:5–81.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Mirowski, Philip. 1989. *More Heat Than Light*. New York: Cambridge University Press.

Newell, Alan, and Herbert Simon. 1972. *Human Problem Solving*. Englewood Cliffs, N.J.: Prentice Hall.

Scitovsky, Tibor. 1986. *Human Desire and Economic Satisfaction*. Sussex: Wheatsheaf Books.

Scitovsky, Tibor. 1992. *The Joyless Economy*, rev. ed. New York: Oxford University Press.

Spinoza, Baruch. 1934. *Philosophy of Benedict de Spinoza*. Trans. R. H. M. Ewles. New York: Tudor Publishing.

Thaler, Richard H. 1992. *The Winner's Curse*. New York: The Free Press.

Wachtel, Paul. 1983. *The Poverty of Affluence*. New York: The Free Press.

Weber, B. H., D. Depew, and J. D. Smith, eds. 1988. *Entropy, Information, and Evolution*. Cambridge, Mass.: MIT Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Tibor Scitovsky

MY OWN CRITICISM OF *THE JOYLESS ECONOMY*

ABSTRACT: The Joyless Economy *focused on the boredom of the idle rich and neglected the boredom of the idle and idled poor. However, their boredom is much more serious than what the book dealt with, because it is chronic and often incurable. It usually begins with the neglect of destitute children who never learn how to concentrate on learning in school, become unruly and often end up unemployable, and have no better way than violence to release their energies.*

I am overwhelmed by all the praise, statistical confirmation, constructive criticism, and wealth of highly relevant new ideas sparked, 20 years after its publication, by my book, which originally received scant recognition and poor sales. This symposium greatly broadens and enriches our understanding of the many components of the goodness of life, of which I only analyzed a small segment in my book; and it is bound to stimulate further work on the subject and serve as a better basis for policy. I would like to pick out the few points I find easy to answer or develop a little further, and then follow Albert Hirschman's example and engage in self-censure by adding my own, more severe criticism of the book to that of my critics, based on my further and deeper understanding of the conse-

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Tibor Scitovsky, 1175 North Lemon Avenue, Menlo Park, CA 94025, was a professor of economics at Stanford University; the University of California, Berkeley; Yale University; and the University of California, Santa Cruz.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quences of boredom and prompted by the social problems that have emerged in recent years.

Let me start with Hirschman's, Juliet Schor's, and Michael Benedikt's well-justified objections to my narrow focus on the private domain, to the almost complete neglect of the public one. I dealt only with the desire for status, the comfort of belonging, and the stimulus of conversation in pubs and cafés, but was remiss in overlooking all the pleasure and stimulation provided by many public goods and activities, ranging from beautiful landscapes and cityscapes to one's public activities and duties as a citizen.

Hirschman is very right in adding the stimulation of politics and participation in public life, and in showing that the company of others with whom one has something in common can be both stimulating and comforting, even without involving stimulating conversation. I find especially fascinating and important his discussion of having meals at the same table with other people as the origin of political union and Athenian democracy, as well as the habit of drinking in company, which creates similar though often less peaceful communities, as could be expected, considering that drink makes many people aggressive and violent.

Peaceful and friendly communal drinking, however, characterize English pubs, where the British, though great respecters of other people's privacy—who seldom even talk to a person to whom they have not been introduced—drop their customary reserve and exude peaceful sociability. What most impresses young Swedes in London is the pubs' relaxed, friendly, sociable atmosphere, which makes all customers feel as if they belonged to the same, large family—or so I was told at a London conference of Swedish youths. They complained of their country's lack of social life and wished that London pubs could be transplanted to Sweden.

Let me just add a few simple examples to Hirschman's very important ones. Forming part of an appreciative audience at a concert, theater, or movie is much more stimulating than hearing and seeing the same on radio or TV in the privacy of one's home; being in a crowded London pub or Paris café is comforting and stimulating even without knowing a soul to talk to; most people get a kick out of joining demonstrations or the actions of a crowd, as Gustave Le Bon pointed out in his *Psychologie des Foules*; and the huge memberships (estimated at 12 million)[1] of the more than 800 antigovernment militias may be similarly explained.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Schor also objects to my book's failure to deal with public goods; but even more serious is her criticism of my "failure to provide a structural critique of consumer society," by which she seems to mean an explanation of why the United States became a consumer society and is now so slow to emerge from consumerism, continuing to focus on the consumption and possession of private goods to the neglect of the environment, infrastructure, collective goods, family and social life, and various other stimulating activities.

I plead guilty to focusing too narrowly on showing the way out of consumerism and neglecting to list its causes. I mentioned only one cause, our Puritan tradition, but not American capitalism, where every action of businessmen aims at maximizing the sale of goods and services and thereby promotes consumerism. This may be largely responsible for environmental deterioration; for the schools' ever-greater emphasis on work skills, which increasingly crowd out the teaching of history, literature, music, and the arts; and for workers' long, 40-hour workweeks and short, two-week summer vacations, which leaves them little time to spend with their families, educate their children, and enjoy leisure activities.

In Germany, where the law requires employees' equal representation on the supervisory committees of business firms with 50 or more employees, workers have gained the country's 36-hour workweek and six weeks of paid vacation. In addition, quite a few German firms, including not only BMW but Volkswagen, Bayer, Hertie A.G. (a chain of warehouses), and the German plants of IBM, Pirelli, and Hewlett Packard, are experimenting with greater flexibility in their employees' work time and have already moved to a four-day work week, with workers and some office employees free to choose which days other than Sundays they want to have free and, often, how many hours, and at what times, they wish to work (Wagner 1995). This provides workers with more time for family life and enjoyable leisure activities and enables neighboring parents so to coordinate their worktime that an adult is always present to supervise their children, while maintaining and even increasing these firms' profitability. (The explanation is that while they reduce their employees' workdays and work hours, they increase their plants' overall workdays and work hours by introducing multiple shifts, thereby saving as much or more on fixed costs as the increase in their labor costs.)

Even more important, however, is Schor's argument that people's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

spending on positional goods is the main reason why we are stuck with consumerism, even though our rising incomes long ago assured virtually our whole population's comfortable survival. She correctly notes that competitive spending on positional goods is a zero-sum game that can never add to one's comfort or contentment as long as everybody else also spends on it. All this does is to use up hard-earned income and absorb resources that could better be used in the public domain, as Benedikt's graphic description of America's slumming amply demonstrates.

Moreover, spending on some positional goods also depresses the economy and so reduces income, thereby diverting expenditure from the public domain yet further (cf. Scitovsky 1987 and 1994).

Unfortunately, nothing can be done to keep people from the zero-sum game of positional competition, other than to acquaint them with, and lure them into spending their time and money on, the more stimulating and longer-lasting satisfactions of cultural activities. That, of course, was the purpose of my book. But I failed to mention that cultural activities not only cure boredom but are also likely to make the public more aware of the importance of such public goods as pleasing natural and architectural environments and the proper maintenance of our cities as ingredients in a full and enjoyable life.

Schor further blames consumerism for women's increased participation in the labor force, which diminishes the time they can spend with family and children for the sake of earning more of the income they want to spend on positional goods. I am sure she is right; but women's justified desire for economic independence must also be a motive for their increased entry into the labor force. For the resulting neglect of children and family I would rather blame partly the lopsided emancipation of women in the United States, where equal access to education and professional advancement is not yet matched by control over their own bodies; and partly the failure to allow workers more, and more flexible, free time, as in Germany.

I found Ronald Inglehart's paper most gratifying for its statistical support and elaboration of my views, and interesting for the new vistas it opens on the subject. But to discuss his data intelligently, I would have to study his other writings, of which this is a very condensed summary, in order to learn about the questions and answers on which he bases his findings concerning the shift in people's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

preferences from materialistic to postmaterialist values. Unfortunately, I have been unable to do that prior to the publication of this symposium.

Amartya Sen has done me the honor of seeing much more in my book than I put there. My only concern was to explain why many well-to-do people, able to afford everything they would need for a full and satisfactory life, nevertheless end up with a feeling of emptiness and boredom. This contradicted economists' traditional, simple-minded assumptions that each of us (1) knows what is best for him- or herself, and (2) aims rationally to achieve or at least approximate it within his or her available means. I tried to discover what was wrong with those assumptions, in the hope that the answer would also enable me to show how to avoid boredom.

The first assumption's flaw is that many people are unaware of their need for enjoyable activity, and in any case lack the skills that most such activities require to be enjoyable. The flaw in the second assumption is that most of us have many different desires that are often in conflict; and different people's various resolutions of that conflict amount to the existence of many different "rationalities." There are egoists and altruists, misers and spendthrifts, the ambitious and the unambitious, the scientifically and the artistically minded, etc., with innumerable gradations in between.

Once these simple facts explained boredom to my satisfaction, I pursued them no further, because I was always more interested in presenting my problem in the simplest possible language, unencumbered by unnecessary detail, and then proceed to find its remedy, rather than exploring the ramifications and philosophical implications of that problem. Only much later did I sometimes realize what important discoveries I missed, owing to my passion for simplicity in argument and presentation.

I am grateful therefore to Sen for enriching my austere argument by bringing in the unexamined life, explaining how the need for novelty to render mental activity enjoyable explains the desire for freedom, and generally for deepening our understanding of such concepts as rationality, utility, and revealed preference. I would only add to his paper—as well as to my book—that physical and mental activity, which are among our most basic needs, resemble sleep, another of our basic needs, in mostly having no economic cost at all. Indeed, many activities are both pleasurable and income-earning or -saving.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Benedikt's paper is bursting with interesting and important ideas, both his own and everybody else's who has written on all the different sources of human contentment. My book dealt with the single subject of boredom and its relief through stimulation; he discusses all sources of satisfaction, their relations, their interaction, and their changing intensity with iteration and through time. I could not agree more with his condemnation of the decline in our landscapes and cityscapes, which has resulted from our seeking satisfaction the wrong way. I hope he will sooner or later enlarge these insights into a great and important book.

His criticism of my volume for narrowly focusing on the problem of the happiness of the well-to-do leisure classes, without even mentioning the more serious problems of the poor, I find devastating but well deserved; I too, with the benefit of hindsight, have independently come to the same conclusion. The explanation, though no excuse for my omission, is that more than 20 years ago, when I conceived and wrote the book, our country's rich and poor inhabitants alike had enjoyed a long period of unprecedented prosperity, with very low levels of unemployment and poverty, few homeless people, and with workers' long work hours allowing them insufficient leisure to be bored, leaving only the affluent leisure classes disappointed with their lives.

Those exceptionally happy days, however, soon came to an end; and the last few years have witnessed not only greatly increased numbers of impoverished, unemployed, unemployable, and homeless people but also much more violence and murder, and the emergence of juvenile gangs and teenage vandalism in our midst. All of this made me repent having written a whole book just to explain and remedy the occasional yawns of the well-to-do, without a word about the much more serious problems of the poor.

Curiously enough, however, Benedikt, while noting my serious omission, suggests no way of correcting it, despite his great erudition and the innumerable other aspects and related problems he brings into the discussion. That, however, gives me a chance to imitate Hirschman and engage in self-subversion.

The poor among us suffer not only the humiliation of unemployment and the malnutrition, homelessness, and other privations of poverty, all of which are serious problems that need attention; but they also suffer from boredom, just like the idle rich; except that the boredom of the idle and idled poor is chronic, which

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

makes it a deprivation as extreme as starvation, and with equally fatal consequences. Just as people with no money to buy food stoop to thieving to avoid starvation, so those with no work and lacking the skills for harmless activities to relieve their boredom will relieve it with violence and vandalism—the only stimulating activities that require no skill, only muscular strength or a weapon.

It is striking that young criminals, when interviewed in prison, always seem to mention the desire to escape their terrible boredom as one of the reasons for their criminality. This calls to mind Sir Roy Harrod's prediction that the continued rise in labor productivity would, in the long run, save so much labor that ordinary people with no special talents would face the problem of how to occupy all the leisure time that scientific progress will have won for them. He foresaw a return to the war, violence, and blood sports of the Middle Ages, when the idle rich had no access to schools to teach them harmless activities with which to keep busy and wile away their time (Harrod 1958).

Those two things made me realize for the first time that education's most important function is to civilize, i.e., instruct in the harmless activities of life so as to divert people from harmful, violent ones. Until little more than a hundred years ago, education, including the three R's, was the privilege of the leisure classes. The working classes' long, hard, tiring labor left them insufficient leisure to need relief from boredom.

But if education teaches the skills needed for the many harmless activities that relieve boredom, what explains all the violence in our midst today, when we have schools that are both free and compulsory for all? The answer, I belatedly realized, is that learning itself is one of the enjoyable activities whose skill has to be learnt to make them enjoyable enough to relieve boredom. It is also the most essential of enjoyable activities, because without being able to enjoy it, one would hardly be willing to make the effort of learning the skills necessary to also enjoy other stimulating activities. That is why *children must learn the skill of the very act of learning before they enter school.* Proper parenting is the best, perhaps the only way to teach them that skill, thereby making formal learning in school enjoyable and desirable activities.

Most of the juvenile crime, violence, and vandalism around us may be explained by the inadequate parenting of children in poor families where both parents work and there is no extended family

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to take their place; and by the circumstances of illegitimate children born into poverty to mothers with not enough time for parenting, and who are often too young to know its meaning and importance, being children themselves. When such neglected children enter school before having discovered that learning is fun and gives them a feeling of pride and satisfaction, they are usually afraid of school, are bored by it, find it hard to concentrate, and get poor grades they are ashamed of, leading them to be truants and ultimately dropouts; and all too many of them end up on the street, engage in gratuitous violence, and join juvenile gangs.

Parenting, therefore, which must already begin in infancy, is an essential and crucially important part of education; and its three phases, as child psychiatrist Warden H. Emory (1975) argues, deserve more attention than they have hitherto received. Its first, passive, so-called spectator phase, is when infants begin to learn their parents' and/or other grownups' behavior and speech by just observing them. Most parents who looked forward to having children perform the easy parenting appropriate to that phase instinctively. They (or at least one of them) must be present during most of the child's waking hours, talking among themselves and to the child, doing their chores and attending to the child's various needs while the child hears and observes them, saying what they are doing while doing it, so that the child can learn the meaning of words and the use of speech. The great importance of parenting even in this earliest phase was only recently recognized in Romania, where many of the orphans in overcrowded and understaffed orphanages suffered from severe and incurable retardation, the cause of which was traceable to their being left completely alone during most of their waking hours, with no adults present whom they could hear talking and see walking about and attending to the children's needs.

Another danger for children at that very early age is busy parents' habit of planting their children in front of a TV screen just to keep them quiet, which it does. If television is used for this purpose too much, however, it prolongs the child's stay in the passive, early spectator phase, postpones its reaching the next, more active phase, and thereby retards its entire development. In addition, too much television viewing of inappropriate programs often also provides children with the wrong behavioral models to imitate.

Children must proceed, at the latest by age two, to the second, so-called participator phase, where they learn to become active by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

imitating adult behavior and speech that they could only observe in the first phase. Parents now must encourage, help, correct, and praise children as they learn to speak, stand, move about, and perform various simple activities around the house, so they can discover the skills they have already acquired and their ability to learn new ones. This also enables them to take pride in showing off their abilities; in this way they learn to enjoy the fruits of learning as well as the very act of learning.

That leads to the third, "initiator" phase of children's pre-school development, where they take pleasure in initiating the actions and activities they learned by imitating them. At this stage, they discover their identity and learn what they look like, how they feel in various situations, what their possibilities and shortcomings are; they imagine what they could be and begin to develop their personality. Now adults must continue to encourage, help and correct their behavior and activities just as in the previous phase; but in addition they must praise or reward them for good and harmless behavior, and reprimand or punish them for bad and harmful behavior. This is essential for teaching them the difference between right and wrong, and for their learning to prefer the first and dislike the second, so they may grow up into upright, useful, and civilized human beings.

Children must go through all three of these phases before entering school, because only then will they look forward to going to school, enjoy and be willing to learn what it teaches, recognize their own potentialities and limitations, enjoy doing their homework, want to excel, and perform well. But many children continue to need parental supervision even during their school years. Children who go home from school into an empty house where they are left alone until their parents get home from work are often involved in street violence; according to a Justice Department report, "Arrests among juveniles . . . for violent crimes jumped 100 percent between 1983 and 1992 . . . and the peak time during which youths age 6 to 17 commit violent crimes was from 3 to 6 p.m.—from when school ends to when parents return from work" (*New York Times* 1995).

I go into this discussion of inadequate parenting and gratuitous violence by juveniles not so much because they are important social problems in the United States today, but because the first is the cause, the second a sure symptom of the most serious form of bore-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dom. Neglected children are not only bored; when their boredom keeps them from learning in school, it becomes a chronic disease that can forever deprive them of the enjoyment of music, literature, the arts, interesting work—just about all the good things life has to offer, all of which require a skill to be learned beforehand to make them enjoyable. The discouraging experience of juvenile criminals in correctional institutions bears that out.

Gratuitous violence may be the ultimate relief from boredom for those who have no work and lack both the skills for engaging in enjoyable activities and the money to pay for entertainment. When youngsters unable to concentrate on learning drop out of school and cannot find work, they usually go into the street, where the coming and going of people and vehicles provides them with some entertainment to relieve their boredom for a while, until it loses its novelty and becomes monotonous. At that stage, they seek relief in vandalism and violence, which is why psychologists consider these to be sure symptoms of boredom in impoverished, uneducated people who cannot or need not find work to keep them busy. For work is the main antidote to boredom for the majority of mankind, not only because much work is itself enjoyable and satisfying, but also because even monotonous and unpleasant work keeps boredom at bay when it is tiring and exhausting enough to call for sleep and rest to recuperate.

Let me end by thanking the editor of *Critical Review* for organizing this symposium, which has greatly added to, enriched, and completed what my book said about boredom. As its author I am especially grateful for having been given this opportunity to fill in one of its serious omissions.

NOTES

1. The FBI refers callers to Southern Poverty Law Center 1996 as the best available source on the subject; but the estimate of 12 million members of the 809 militias (more than 14,800 per militia) is perhaps an exaggeration.

REFERENCES

Emory, Warden H. 1975. "The Military Experience." In *Boredom: Root of Discontent and Aggression*, ed. Franz E. Goetzl. Berkeley: Grizzly Peak Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Harrod, Roy F. 1958. "The Possibility of Economic Satiaty." In *Problems of United States Economic Development*. New York: Committee on Economic Development.

New York Times. 1995. News item, September 8:8.

Scitovsky, Tibor. 1987. "Growth in the affluent society." *Lloyds Bank Review* no. 163 (January). Reprinted in Scitovsky 1995.

Scitovsky, Tibor. 1994. "Towards a theory of second-hand markets." *Kyklos* 47(1). Reprinted in Scitovsky 1995.

Scitovsky, Tibor. 1995. *Economic Theory and Reality: Selected Essays on Their Disparities and Reconciliation*. Aldershot, U.K.: Edward Elgar.

Southern Poverty Law Center. 1996. *False Patriots: The Threat of Antigovernment Extremists*.

Wagner, Dietrich, ed. 1995. *Arbeitszeitmodelle*. Göttingen: Verlag für Angewandte Psychologie.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE REVIEW OF POLITICS

CITED AND READ THROUGHOUT THE WORLD FOR THREE GENERATIONS —

From its initial direction by founding editor **Waldemer Gurian** THE REVIEW has continued to emphasize the philosophical and historical approach to politics. Among those whom it published and encouraged are **Hannah Arendt, John Kenneth Galbraith, Jacques Maritain, Talcott Parsons, Clinton Rossiter, Edward Shils, Leo Strauss and Eric Voegelin.**

ARTICLES FROM RECENT ISSUES

ALASDAIR MACINTYRE on the Privatization of the Good
PAUL RAHE on Jefferson's Machiavellian Moment
FRED DALLMAYR on Heidegger
GERHART NIEMEYER on Christian Faith & Religion in Voegelin
CHARLES LOCKHART on Affirmative Action
SHELLEY BURTT on Religious Parents & Secular Schools
LAURA JENSEN on Judicial Action & Federal Spending
ERNEST FORTIN on Christianity and the Environment
DANIEL LEVINE on Liberation Theology
MARY WALSH on Locke and Feminism
THOMAS PANGLE on Strauss and Voegelin
PATRICK RILEY on Oakeshott

Recent Book Reviewers *include Stanley Rosen, Jean Elshtain, Harvey Mansfield, Edward Goerner, Phillip Gleason, Guiseppe Di Palma, Wilson Carey McWilliams*

Subscription Rates

—Individual: 1 year, $25.00; Foreign, $40.00
—Institutional: 1 year, $40.00; Foreign, $45.00
includes postage and handling --Visa and Mastercard accepted

Abstracts, subscription, advertising and submission information can also be found on our World Wide Web Homepage at
http://www.nd.edu/~rop

The Review of Politics, PO Box B, Notre Dame, Indiana 46556 USA

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Glen Whitman

MYTH, MEASUREMENT, AND THE MINIMUM WAGE: SOUND AND FURY SIGNIFYING WHAT?

ABSTRACT: *In* Myth & Measurement: The New Economics of the Minimum Wage, *David Card and Alan Krueger assemble a variety of evidence purporting to weaken the case that minimum wages lead to unemployment among low-wage workers. Although the authors succeed in casting doubt on some previous studies that supported the standard view, they fail to provide compelling evidence for their alternative model. The methodological errors in their showcase study of minimum wages in New Jersey and Pennsylvania render it nearly worthless, and the remainder of the book's arguments are not weighty enough to reverse the conventional economic wisdom on minimum wages.*

According to an old joke, if you ask any two economists a question, they will give you three answers. Economists have long endured criticism ranging from playful teasing to stinging condemnation for their apparent inability to agree on much of anything. But rare though they may be, there are a few propositions on which economists are nearly unanimous. The minimum wage, for instance: every reputable economist knows that a rise in the minimum wage will lead to increased unemployment among low-skilled workers.

Critical Review 10, no. 4 (Fall 1996). ISSN 0891-3811. © 1996 Critical Review Foundation.

Glen Whitman, Department of Economics, New York University, telephone (212) 244-7581, e-mail dgw0244@is.nyu.edu, thanks Jeffrey Friedman, Peter J. Boettke, and Finis Welch for useful comments on previous drafts of this review.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Or perhaps not. In *Myth & Measurement: The New Economics of the Minimum Wage* (Princeton University Press, 1995), Princeton economists David Card and Alan Krueger challenge the conventional wisdom, arguing that the standard minimum-wage prediction accepted by the vast majority of economists is, in fact, wrong. Card and Krueger appear to have thrown yet another economic issue onto the embarrassing pile of questions to which economists cannot respond with "yes" or "no," only "it depends."

Before criticizing it, the reader of *Myth & Measurement* must recognize it for the *tour de force* that it is. Card and Krueger have put together an impressive body of evidence that, *prima facie*, threatens one of the most widely accepted and cherished conclusions of economic science. But some of their most persuasive evidence crumbles under scrutiny. Card and Krueger's book should cause no momentous reversal of opinion on the minimum wage. At best, it may inspire more rigorous criticism of the empirical methods employed in the study of labor markets.

What exactly have Card and Krueger done in their much-hailed book? First, they have collected a handful of recent studies performed by themselves and others that seem to indicate that minimum-wage hikes may not, after all, cause employment losses among low-skilled workers. In particular, they rely on their now-famous New Jersey-Pennsylvania study, which allegedly showed that New Jersey fast-food restaurants *increased* employment relative to Pennsylvania fast-food restaurants subsequent to a minimum wage hike in New Jersey alone. Second, they reevaluate the most well-known of the earlier studies that have been invoked to support the standard hypothesis, and they demonstrate that these studies are not nearly so decisive as many economists believe. Third, and most importantly, they advance an alternative model of low-skill labor markets, a model that includes some degree of monopsony power for employers of low-wage workers. As it is this model that provides the framework for Card and Krueger's evidence and argumentation, it seems logical to begin by explaining it.

Challenging the Perfect-Competition Model

The conclusions of the standard neoclassical model of competitive labor markets are well known to even a casual observer of the polit-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ical debate surrounding the minimum wage. The central neoclassical conclusion is that, like any price floor, a minimum wage will create a surplus of the good in question (labor)—in short, unemployment. The technical reason for this effect is that an employer will only hire a worker whose marginal productivity exceeds her wage; if that wage rises because of a legislative enactment, the employer will lay off all workers whose marginal productivity is lower than the new wage. Consequently, the standard model also predicts that the lowest-productivity workers—presumably the most needy as well—will bear the brunt of the ill effects of a minimum-wage hike.

While these results are obvious enough to an undergraduate equipped with a supply and demand graph, what is less obvious is the degree to which the neoclassical model depends on the assumptions of perfect competition. For the standard prediction of an unemployment increase to hold unambiguously, each employer must be able to hire as many workers as he wants at the going wage. Card and Krueger's alternative, the monopsony model, assumes the opposite: employers cannot hire as many workers as they want at the going wage, but instead must offer a higher wage in order to attract more workers. The counterintuitive consequence of the monopsony model is that a minimum-wage hike could actually raise employment rather than lower it, as the neoclassical model predicts.

Why? Before the minimum wage goes into effect, an employer might like to hire more workers at the same wage as (or even a higher wage than) his current workers. But since (according to the monopsony model) *all workers must be paid the same wage*, he cannot attract more workers without raising wages for both new hires and current workers. The benefit of hiring a new worker at a higher wage is swamped by the burden of having to raise the wages of his current workers to match that of the new worker. A minimum-wage law, however, would require the employer to pay his current workers more anyway. As a result, the additional cost of hiring a new worker would no longer include the cost of paying other workers more, and thus the new worker would become worth hiring.

Suppose, for example, that an employer currently hires ten workers at $5 per hour each, and further suppose that ten is the maximum number of workers who can be attracted to work at that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

wage. The employer would like to hire an eleventh worker and is willing to pay her $6 per hour or even more, because his revenues will jump by $9 per hour from hiring her. Unfortunately (according to the monopsony model), the employer cannot hire a new worker at a higher wage than the old workers; he is constrained to pay everyone the same starting wage. Hence, hiring a new worker at $6 per hour would mean paying everyone else $6 per hour, too, so that the effective cost of hiring the new worker would be $16 per hour ($6 for the new worker and an added $1 for each of the old ones). Because $16 in new costs would exceed the $9 in added revenue, the employer decides to stick with just ten workers. But if a new minimum-wage law forces him to pay $6 an hour to the first ten workers, then the effective cost of hiring the eleventh worker is only $6 per hour, since the added $1 for each of the other workers is incurred anyway. Suddenly, the eleventh worker is worth hiring after all. This example, though purposely simple, shows how a minimum wage could conceivably boost employment if there were a monopsonistic structure in the labor market.

Textbooks typically treat the monopsony model as an odd bird, a special case illustrated by the example of the "company town," where there is only one employer in a geographical area. But Card and Krueger attempt to rejuvenate this mostly ignored model and present it as a plausible representation of low-wage labor markets:

> The analysis revolves around a relatively simple question: Do employers have to pay a higher wage in order to maintain and motivate a larger work force? If the answer is "yes," then a modest increase in wages induced by a minimum wage hike can lead to an increase in employment. (369)

Card and Krueger argue that the answer is indeed "yes," at least in the case of fast-food restaurants. They marshal evidence indicating that "low-wage employers spend a great deal of time and energy recruiting and training new workers" (373) and that job vacancies remain common in the fast-food industry despite these heroic efforts. They conclude from this evidence that employers cannot hire as many workers as they want at the going wage; if they wanted to attract more workers, they would have to raise their wages to do so. Card and Krueger also point out that there is a very high rate of job turnover in the fast-food industry. At any given time, some

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

workers are quitting or being fired while others are being hired. They hypothesize that employers, wishing to keep a relatively steady work force, must pick a wage just high enough to balance new hires (who are attracted by higher wages) and quits (who are less likely to leave if paid higher wages) so as to keep the same number of workers on the job at any time. It is this circumstance that justifies the monopsony model's assumption that all workers must be paid the same wage.

Card and Krueger's reinterpretation of my example above would work something like this: A restaurant owner can only maintain a steady work force of ten workers if he offers a wage of $5 per hour. If he wanted to maintain a work force of 11, he would have to offer a wage of $6 per hour. He is unable to pay $6 to new workers while keeping the old workers at $5 per hour, because high job turnover transforms "new" workers into "old" workers in short order; if he raised his going wage to $6, pretty soon *all* of his workers would be $6 workers. Having 11 workers instead of ten would bring the employer an additional $9 per hour from the eleventh worker, but it would cost him an additional $16 per hour, so he stays with a work force of ten. But a minimum wage of $6 per hour would attract eleven workers, and the additional cost of the eleventh worker would be only $6 (because a loss of $1 for each of the first ten workers would be incurred regardless). Thus, the minimum wage could make it worth the employer's while to hire more workers than he would have without the minimum wage.

The Evidence

It would be unfair to suggest that economists who argue for the validity of the standard model think all of the assumptions of perfect competition hold under all circumstances. The usual argument is that the labor market operates "as if" it were perfectly competitive, and the empirical evidence in the past has apparently supported this hypothesis. And it is at this point that the recent studies by Card, Krueger, and others, as well as their critical reevaluation of the older evidence, enter the debate. Unfortunately for Card and Krueger, the new studies do not support the monopsony model as uniformly as they would like.

The centerpiece of *Myth & Measurement* is the famed New Jer-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sey-Pennsylvania study mentioned earlier, and it is superficially an impressive piece of work. The power of Card and Krueger's approach is its use of the "natural experiment" created by the April 1992 adoption of a minimum-wage hike in New Jersey (from $4.25/hour to $5.05/hour) that did not occur in the nearby, and economically similar, state of Pennsylvania (where the minimum stayed at $4.25). Pennsylvania served as a control against which to compare New Jersey before and after the policy change. The study indicated that, despite New Jersey's higher minimum wage, employment at surveyed restaurants in New Jersey actually increased relative to employment at surveyed restaurants in Pennsylvania. Specifically, average full-time equivalent (FTE) employment rose by 2.76 workers per restaurant in New Jersey relative to Pennsylvania. The qualitative result (a relative increase in employment) was invariant to a variety of changes in model specification, such as including or excluding particular subsets of the data and running regressions with controls for region, restaurant chain, and the like.

As it turns out, however, the New Jersey-Pennsylvania study relied on faulty data. Card and Krueger obtained these data from two telephone surveys (one before and one after the hike in New Jersey's minimum wage) in which restaurant managers and assistant managers were asked a variety of questions, including how many full-time and part-time workers were employed at their establishments. Of the many problems with this methodology,[1] the most obvious was the failure to define the terms "full-time" and "part-time" in the surveys' questions. Apparently, survey respondents could interpret these terms however they wished. Card and Krueger then converted all the answers into a measure of "full-time" employment (the FTE), which counted each part-timer as one-half of a full-timer.[2] But the standard labor-market model makes no predictions about employment in the sense of the number of workers employed—only about employment as measured in labor hours. Under the FTE measure, it would be possible for a restaurant that kept its total number of full-timers and part-timers constant but reduced its part-timers' hours by half to have registered *no* change in employment, even though total labor hours *fell*.

Recognizing this deficiency, economists David Neumark and William Wascher obtained actual payroll records from restaurants in New Jersey and Pennsylvania for the same time periods as those in Card and Krueger's study. They then duplicated Card and Krueger's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

study with the more reliable data; the results of this new study appeared in a National Bureau of Economic Research Working Paper a few months after the publication of *Myth & Measurement*. The results turned the original New Jersey-Pennsylvania study on its head: whereas Card and Krueger's data yielded a relative *increase* in New Jersey employment of 17.6 percent after the minimum-wage hike, the payroll data yielded a *decrease* of 4.6 percent.[3]

So the New Jersey-Pennsylvania case should actually go on the "competitive model" side of the ledger. But *Myth & Measurement* presents a slew of other evidence that—taken at face value—seems to favor the monopsony model. Card and Krueger point to Card's (1992) study of the 1988 increase in California's minimum wage, which concluded that the higher minimum wage did not depress teen employment relative to states that did not raise their minimum wages (79). (Card and Kreuger respond effectively to criticisms of the California study lodged by Taeil Kim and Lowell J. Taylor.) The book also recapitulates the Katz and Krueger (1992) study of Texas restaurants' response to the 1990 and 1991 increases in the federal minimum wage. Once again, the apparent effect was an increase in employment, this time relative to Texas restaurants not affected by the minimum wage (59). While the results of the Texas and California studies are intriguing, it should be noted that the New Jersey-Pennsylvania study was conducted later in order to respond to persuasive criticisms other economists had made against the Texas and California studies. For instance, the California study did not adequately control for differences in economic growth between California and the control group (which consisted of Arizona, Florida, Georgia, New Mexico, and the Dallas/Fort Worth area) with which California was compared. Ultimately, Card and Krueger's evidence in favor of the monopsony model does not carry much water; the studies used to support the model simply do not withstand close inspection.

On the other hand, the authors enjoy much greater success in their critique of the evidence for the competitive model. They spend three chapters of their book dismantling previous studies that had allegedly shown disemployment effects resulting from minimum wages. In many of the studies, Card and Krueger demonstrate that even minor adjustments in econometric specifications are sufficient to convert unambiguously negative employment effects into ambiguous and possibly even positive employment effects. They

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

also engage in skillful meta-analysis indicating that publication bias may have caused studies demonstrating statistically significant, negative employment effects to get published more often. Finally, they point out that time-series evidence "is cited widely as the most compelling support for the conventional view of the minimum wage," despite the fact that time-series methodology has fallen out of favor in most other areas of labor economics (205). Although Card and Krueger's reevaluations have not gone unchallenged, they have succeeded in casting a shadow of doubt on some previous conclusions.

Economic Models and Economic Realities

Card and Krueger would like the reader to conclude that, in light of the new evidence, we should at least consider the possibility that an alternative model, monopsony, might do a better job of representing real-world labor markets than the standard model—and that, therefore, minimum wages might not cause unemployment. There are, however, other alternatives to consider as well. As the necessary supplement to (or antidote for) Card and Krueger's position, I would recommend Yoram Barzel's *Economic Analysis of Property Rights*. Although the book never discusses the minimum wage specifically, its detailed examination of the effects of price controls—and of the controls on gasoline prices in the 1970s in particular—is highly suggestive of the many ways in which employers can respond to minimum wages and other legislative mandates that affect labor markets.

The most relevant aspect of Barzel's analysis is the argument that profit maximization impels business owners to exploit all margins for adjustment available to them (not merely price and quantity) in order to reclaim losses due to regulations and other constraints. For example, gas-station owners in the 1970s did not simply restrict quantities sold in response to price ceilings on gasoline; instead, they adjusted octane levels of gasoline, changed from full service to self service, shortened hours of service, and tied the sale of gasoline to other related products (such as lubrication) that were deliberately overpriced (Barzel 1989, 21–25). We should expect similar results to take place in the market for low-skilled labor.

There are two broadly defined ways in which employers might

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

adjust so as to minimize the effects of a minimum wage. First, they could decrease nonwage elements in the compensation bundle offered to employees; e.g., they could provide less job training, lower fringe benefits, or eliminate free uniforms. Adjustments of this nature have already been considered by several analysts. For instance, Masanori Hashimoto (1982) has produced evidence implying an adverse impact of minimum wages on on-the-job training. Second, employers can expand nontemporal elements of the labor bundle expected of their employees—e.g., by demanding greater effort from them, or by giving them more difficult or unpleasant tasks and working conditions. Unfortunately, there has been little or no research done in this second category (which is not surprising, given the difficulty of measuring things like effort and unpleasantness).

Card and Krueger are plainly aware of at least some of these possibilities, and to their credit, they did try to address them in the New Jersey-Pennsylvania study. Their data indicate that the New Jersey minimum-wage hike was not associated with a decrease in restaurants' hours of operation (47); nor was it associated with any apparent reduction in fringe benefits (measured by free and reduced-price meals for employees) or training (153). They also note that employers rarely if ever make use of subminimum wage provisions in minimum wage laws, contrary to the property-rights model's prediction that this margin should also be exploited.

It should be pointed out, however, that Barzel's approach suggests that margins for adjustment cannot always be specified in advance by an economist. Who could have guessed that gasoline price controls would result in lubricant tie-ins? Barzel also argues that those firms with few margins to exploit—fast-food restaurants seem likely to fall in this group—will more closely resemble the standard competitive model. Given Neumark and Wascher's finding that New Jersey restaurants did in fact reduce (relative) employment, it should not be surprising to find that these restaurants did not also reduce fringe benefits significantly. If there is not much room for adjustment on other margins, then employment may bear the bulk of the impact from the minimum wage. But in other industries that hire low-wage workers (such as those included in the California and Texas studies), the harmful effects of a minimum wage will not necessarily involve reduced employment.

There is also a more serious issue connected to the contention that employers have failed to exploit all available margins for adjust-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ment. The failure of employers to take advantage of subminimum wage provisions is particularly puzzling. Card and Krueger say these findings "suggest that the low-wage labor market does not operate in accordance with the predictions of the standard economic model" (175). But such findings, if correct, do not argue against the standard model alone; they indict economic rational-agent optimization models in general, including Card and Krueger's monopsony model. The monopsony model is, after all, based on the assumption of a profit-maximizing firm (under nonstandard constraints). If faced with a legislated minimum wage, such a firm should theoretically respond with nonwage offsets, just as would a firm in a competitive setting.

A blanket dismissal of rational-agent optimization models for understanding economic behavior would, I think, constitute a dramatic overreaction to Card and Krueger's results. Barzel's proposition that profit-maximizing firms should exploit all margins available to them, rather than focus myopically on price and quantity, has been confirmed in a variety of contexts, from regulated petroleum markets to rent-controlled housing markets. The apparent absence of such effects in low-wage labor markets is less a reason to doubt Barzel's proposition than it is a reason to doubt the validity of the studies in question. Given the flawed survey methodology employed in the New Jersey-Pennsylvania research (the only study in *Myth & Measurement* that considered the possibility of nonwage offsets), it could hardly justify the overthrow of the evidence supporting Barzel's view in particular or rational-agent economic behavior in general.

This is not to suggest that rational-agent models could not bear some modification or augmentation. In particular, such models tend to focus on the new equilibrium that should occur when economic agents are faced with a new environment, while ignoring the process by which a new equilibrium might be reached. Recognizing the need for a theory of economic process puts rational optimization models in a different light: optimizing strategies are the strategies that economic actors have an *incentive* to adopt, even if they are not implemented immediately. When nonwage offsets have not been exploited, they constitute opportunities for profit (or reduction of loss) that merely await discovery. Managers and others acting in an entrepreneurial capacity who are alert to those opportunities will take advantage of them.[4] Consequently, the observer of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

low-wage labor markets should not expect to see the immediate adoption of all conceivable nonwage offsets subsequent to a rise in the minimum wage; instead, she should expect to see gradual adoption of one or more such offsets over time. Effects like these may be difficult to measure econometrically, especially since the analyst may not even know what offsets are conceivable in any given market or firm, but they are nonetheless important if one wishes to consider the full impact of a change in the minimum wage. "Anecdotal" studies of the type produced by historians, who deem "thick description" an acceptable substitute for statistical precision, may be called for if the true picture is to emerge.

Conclusions?

In *Myth & Measurement*, Card and Krueger exercise admirable restraint in their conclusions (although they have been less restrained in other, e.g., political, contexts). For the most part, they ask that the minimum wage debate be placed in a realistic context: even if the standard model is correct, empirical evidence suggests that the negative employment effects of a minimum wage hike are relatively small. Most of the previous studies have estimated that a 10 percent hike in the minimum wage causes low-wage employment to drop by between 1 and 3 percent, and Card and Krueger's reevaluations of some of those studies indicate that the unemployment effect could be even smaller. "It is worth stressing," they say, "that the intensity of the political debate surrounding the minimum wage—on both sides of the issue—is out of proportion to its real importance in the economy" (395).

Some observers have concluded that Card and Krueger's book has effectively overturned the consensus in the economics profession on the minimum wage. This is certainly an exaggeration. For the sake of these observers, therefore, it is necessary to emphasize the highly tentative nature of Card and Krueger's conclusions, especially in light of Neumark and Wascher's corrective study. First, Card and Kreuger's contribution to the minimum-wage literature adds little weight to the possibility of monopsonistic labor markets, and it does not erase all of the evidence to the contrary. Second, some of the ambiguity of employment effects may be attributable to employers taking advantage of nonwage offsets to minimize the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

minimum wage's effects, in which case low-wage workers might end up worse off even if they don't lose their jobs.

Third, the effects of the minimum wage on a particular industry do not necessarily represent the effects of the minimum wage on an entire low-wage labor market. Even if fast-food restaurants did increase employment in response to a minimum wage hike (which is far from apparent), other employers of low-wage labor might well have decreased employment. The competitive model of the labor market does not predict that *every* employer of low-wage labor will cut employment in response to a minimum wage—only that employment of low-wage workers as a whole will fall.

Fourth, the studies in the minimum wage literature cannot simply be tallied up as "votes" in favor of the truth of one model or another. There is no reason in theory to believe that all labor markets necessarily display the same structure. If the New Jersey-Pennsylvania study implies that labor markets approximate perfect competition in New Jersey and Pennsylvania, and the Texas and California studies imply a monopsonistic structure in Texas and California, these results are not necessarily manifestations of a single "true" structure underlying all four states, to say nothing of the nation. It is also conceivable that market structure could change over time. As Card and Krueger note in their reevaluation of the time-series evidence, negative employment effects have declined over time in terms of statistical significance (192). While Card and Krueger use this fact to support their hypothesis of publication bias in the minimum wage literature, they also admit that another possible interpretation is that low-wage labor markets have become less competitive (hence more monopsonistic) over time. If labor markets' structure may change from time to time and place to place, it is exceedingly difficult to derive clear conclusions about the effects of minimum wage laws in general.

Fifth, and most significantly, Card and Krueger admit more than once that even the monopsonistic model does not predict that *all* minimum-wage hikes will increase employment. If, under monopsony, legislation forced wages out of a relatively narrow range, negative employment effects would occur just as in the standard model. Again, the practical conclusions are murky, since there is no good way of determining the threshold wage above which employment losses would occur. (Some broad guesses can be made, however:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

doubling or tripling the minimum wage would assuredly cause massive unemployment even under monopsony.)

None of these caveats should be taken to imply that Card and Krueger's book lacks value. For the most part, it can be usefully read as a lesson in labor econometrics. Its reassessment of prior work is informative and, in some cases, astonishing as it exposes the mis-specifications, oversights, and outright mistakes made by other economists. It is a pity that Card and Krueger did not subject their own studies to the same kind of intense scrutiny.

NOTES

1. For a fuller description of the problems with Card and Krueger's survey methodology, see Welch 1995.
2. In addition, Card and Krueger tested alternative specifications in which a part-timer was equivalent to .4 or .6 full-timers. They also tested to see if firms substituted full-timers for part-timers. They did not, however, allow for the ratio (representing how much of a full-timer a part-timer is worth) to change during the transition from the lower to the higher minimum wage.
3. The 17.6 percent figure is based on the subset of Card and Krueger's data that was from restaurants represented in the payroll data.
4. See Kirzner 1973 for a discussion of entrepreneurial alertness.

REFERENCES

Barzel, Yoram. 1989. *Economic Analysis of Property Rights.* Cambridge: Cambridge University Press.

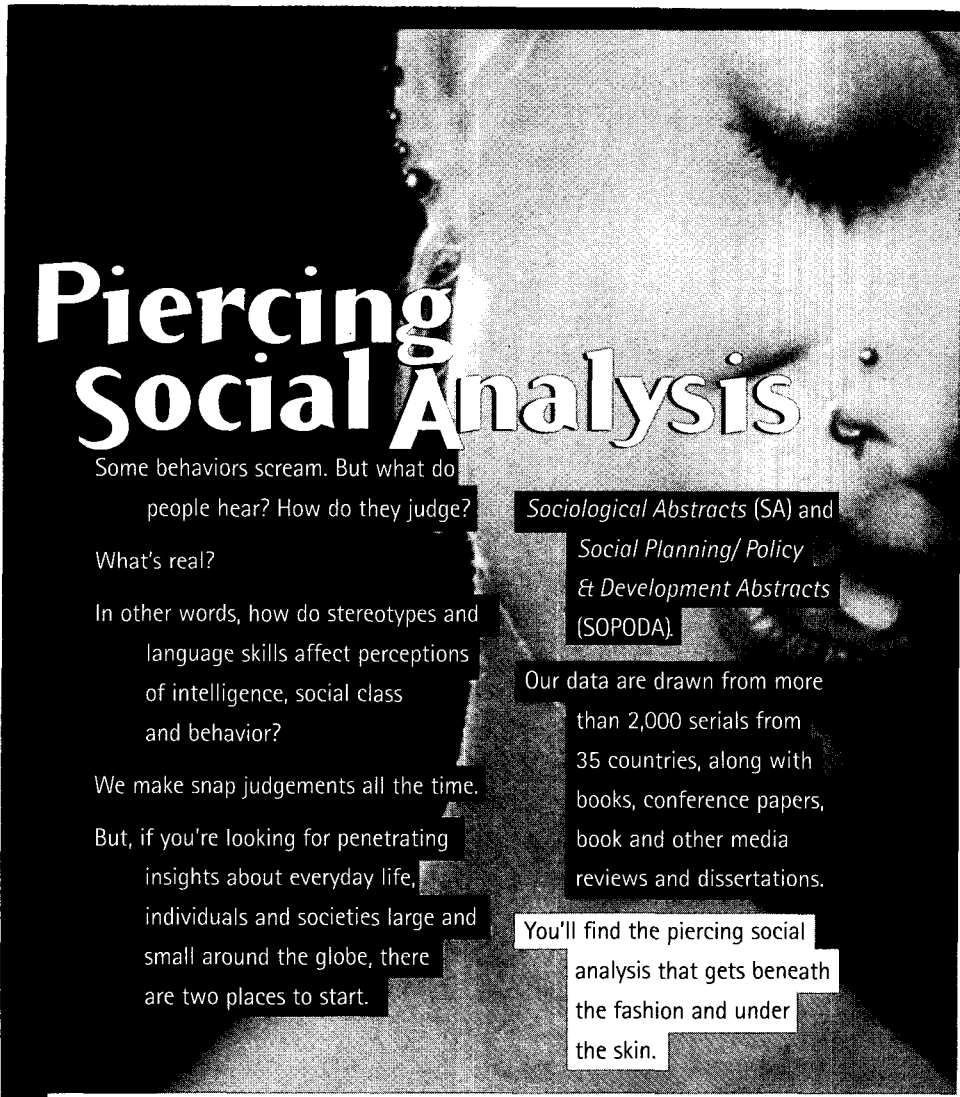
Hashimoto, Masanori. 1982. "Minimum Wage Effects on Training on the Job." *American Economic Review* 72: 1070–87.

Kirzner, Israel M. 1973. *Competition and Entrepreneurship.* Chicago: University of Chicago Press.

Neumark, David, and William Wascher. 1995. "The Effect of New Jersey's Minimum Wage Increase on Fast-Food Employment: A Re-Evaluation Using Payroll Records." National Bureau of Economic Research, Working Paper no. 5224, August.

Welch, Finis. 1995. Comment in "Review Symposium: *Myth and Measurement: The New Economics of the Minimum Wage,* by David Card and Alan B. Krueger." *Industrial and Labor Relations Review* 48(4), July: 842–49.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



Piercing Social Analysis

Some behaviors scream. But what do people hear? How do they judge? What's real?

In other words, how do stereotypes and language skills affect perceptions of intelligence, social class and behavior?

We make snap judgements all the time.

But, if you're looking for penetrating insights about everyday life, individuals and societies large and small around the globe, there are two places to start.

Sociological Abstracts (SA) and *Social Planning/ Policy & Development Abstracts* (SOPODA).

Our data are drawn from more than 2,000 serials from 35 countries, along with books, conference papers, book and other media reviews and dissertations.

You'll find the piercing social analysis that gets beneath the fashion and under the skin.

sociological abstracts

P.O. Box 22206 San Diego, CA 92192-0206
619/695-8803 Fax: 695-0416
Internet socio@cerfnet.com
User Assistance: 800/752-3945

The SAI family of services: *Sociological Abstracts* (SA) • *Social Planning/Policy & Development Abstracts* (SOPODA) • *sociofile* (SA and SOPODA on CD-ROM) • Products are available in print; online from Knight-Ridder, DIMDI, OCLC, and Ovid; on CD-ROM from SilverPlatter, EBSCO and Ovid; on magnetic tape via SAI direct. Document delivery available via SOCIOLOGY*Express:* 800/313-9966; 415/259-5013; Fax 415/259-5058; email: socabs@ebscodoc.com

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INDEX TO VOL. X (1996)

BENDER, THOMAS. Clients or Citizens? 1: 123-34.

BENEDIKT, MICHAEL. Complexity, Value, and the Psychological Postulates of Economics. 4:551-94.

BORCHERT, JENS. Welfare-State Retrenchment: Playing the National Card. 1: 63-94.

BRECKMAN, WARREN. Nationalism, Individualism, and Capitalism: Reply toGreenfeld. 3: 389-408.

Breuilly, John, *Nationalism and the State*. 2: 285-98.

Card, David, and Alan Krueger, *Myth and Measurement*. 4: 607-19.

EIDLIN, FRED. Karl Popper, 1902-1994: Radical Fallibilism, Political Theory, and Democracy. 1: 135-53.

FRIEDMAN, JEFFREY. Nationalism in Theory and Reality. 2: 155-67.

FRIEDMAN, JEFFREY. Preferences or Happiness? Tibor Scitovsky's Psychology of Human Needs. 4: 471-80.

FRIEDMAN, JEFFREY. Public Opinion and Democracy. 1: i-xii.

GREENFELD, LIAH. The Birth of Economic Competitiveness: Rejoinder to Breckman and Trägårdh. 3: 409-70.

GREENFELD, LIAH. The Modern Religion? 2: 169-91.

GRISWOLD, CHARLES. Happiness, Tranquillity, and Philosophy. 1: 1-32.

HILL, GREG. Capitalism, Coordination, and Keynes: Rejoinder to Horwitz. 3: 373-88.

HILL, GREG. The Moral Economy: Keynes's Critique of Capitalist Justice. 1: 33-61.

HIRSCHMAN, ALBERT O. Melding the Public and Private Spheres: Taking Commensality Seriously. 4: 533-50.

Hobsbawm, E. J., *Nations and Nationalism since 1780*. 2: 285-98.

HORWITZ, STEVEN. Keynes on Capitalism: Reply to Hill. 3: 353-72.

INGLEHART, RONALD. The Declining Utility of Economic Growth: From Maximizing Security toward Maximizing Subjective Well-Being. 4: 509-31.

LEVY, JACOB T. The Multiculturalism of Fear. 2: 271-83.

Mayer, William, *The Changing American Mind*. 1: 95-105.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

MCCABE, ADAM. Preferences or Happiness? Tibor Scitovsky's Psychology of Human Needs. 4: 471-80.
McKnight, John, *The Careless Society*. 1: 123-34.

Page, Benjamin I., and Robert Y. Shapiro. *The Rational Public*. 1: 95-105.

SCHOR, JULIET. What's Wrong with Consumer Capitalism? *The Joyless Economy* after Twenty Years. 4: 495-508.
SCITOVSKY, TIBOR. My Own Criticism of *The Joyless Economy*. 4: 595-605.
SCHWEICKART, DAVID. Dr. Pangloss Goes to Market. 3: 333-52.
SEN, AMARTYA. Rationality, Joy and Freedom. 4: 481-93.
SMITH, ERIC R.A.N. What Is Public Opinion? 1: 95-105.
STEELE, DAVID RAMSAY. Between Immorality and Unfeasibility: The Market Socialist Predicament. 3: 307-32.
Steele, David Ramsay, *From Marx to Mises*. 3: 333-52.
Stimson, James, *Public Opinion in America*. 1: 95-105.

TAMBINI, DAMIAN. Explaining Monoculturalism: Beyond Gellner's Theory of Nationalism. 2: 251-70.
TILLY, CHARLES. The State of Nationalism. 2: 299-306.
TRÄGÅRDH, LARS. Nationalism, Individualism, and Capitalism: Reply to Greenfeld. 3: 389-408.
TYRRELL, MARTIN. Nation-States and States of Mind: Nationalism as Psychology. 2: 233-50.

XENOS, NICHOLAS. Civic Nationalism: Oxymoron? 2: 213-31.

WEBER, EUGEN. What Rough Beast? 2: 285-98.
WEISSBERG, ROBERT. The Real Marketplace of Ideas. 1: 107-21.
WHITMAN, GLEN. Myth, Measurement, and the Minimum Wage: Sound and Fury Signifying What? 4: 607-19.

YACK, BERNARD. The Myth of the Civic Nation. 2: 193-211.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Examines the history, current status, and future prospects of sociology as a profession and discipline. The journal emphasizes new trends in the profession and focuses on how sociologists have shaped or influenced social policy and the intellectual issues of the age. It also publishes professional opinions, special features, interviews, and review essays, with emphasis on the global context of the sociological discipline.

Recent articles:

Sociology and the Environment: An Analysis of Journal Coverage
Naomi T. Krogman and JoAnne DeRouen Darlington

Transracial Adoption: Experiences of a Twenty-Year Study
Rita J. Simon

"We Am a Virtual Community"
Earl Babbie

A Discipline in Peril: The Future of Sociology Hinges on Curing Its Biophobia
Lee Ellis

Jonathan B. Imber
EDITOR
Wellesley College, Massachusetts

The American Sociologist

Published Quarterly

Subscription Rates:
Individuals: $50/yr;$96/2yrs;$126/3yrs
Institutions: $116/yr; $204/2yrs; $264/3yrs
Foreign surface mail add $32/yr
Foreign airmail add $48/yr
(Rates subject to change annually)

TRANSACTION PUBLISHERS
DEPARTMENT 2097
RUTGERS–THE STATE UNIVERSITY
NEW BRUNSWICK, NEW JERSEY 08903
WWW.TRANSACTIONPUB.COM

Call 908/445-2280 or Fax 908/445-3138

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Recent articles:
PC Has a Price
William E. Simon

Racial and Sexual Politics in Testing
David W. Murray

Reassessing the Adversary Culture
Paul Hollander

Differing Views on *The End of Racism*
Dinesh D'Souza

Abuses of Scholarship in Constitutional Cases
John Finnis

Comments on the Culture Wars and Political Correctness
Daniel Patrick Moynihan

Sanford Pinsker
EDITOR
Franklin & Marshall College

The official journal of the National Association of Scholars

"Whoever wants to know what scholarship and teaching are suffering on the American Campus should read Academic Questions."
Jacques Barzun

"Because it promotes full academic freedom and the diversity of ideas in a time when these privileges cannot be taken for granted, Academic Questions *is a beacon to the academic world."*
Edward O. Wilson
Baird Professor of Science, Harvard University

Academic Questions

Published Quarterly

Subscription rates:
Individuals: $50/yr; $96/2yrs; $126/3yrs
Institutions: $116/yr; $204/2yrs; $264/3yrs
Foreign surface mail add $32/yr
Foreign airmail add $48/yr
(Rates subject to change annually)

transaction

TRANSACTION PUBLISHERS
DEPARTMENT 2097
RUTGERS--THE STATE UNIVERSITY
NEW BRUNSWICK, NEW JERSEY 08903
WWW.TRANSACTIONPUB.COM

Call 908/445-2280 or Fax 908/445-3138

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ECONOMIC AFFAIRS

the journal of the IEA
edited by Colin Robinson

In recent issues:

Labour markets, edited by J.R. Shackleton, with contributions from John Philpott, Patrick Minford, Frank Field, Paul Ormerod, Peter Robinson and Shirley Dex.

Spring 1996

European Monetary Union, edited by Colin Robinson, with contributions from David Currie, Patrick Minford, Roland Vaubel, Pascal Salin, Anna J. Schwartz and Bernard Connolly.

Summer 1996

Foreign aid: who needs it?, edited by Robert Whelan, with contributions from Deepak Lal, Sir Alan Walters, Karl A. Ziegler, Peter Boone and Evan Davis.

Autumn 1996

International Trade and the Environment, edited by Julian Morris, with contributions from Timothy M. Swanson, N.R. Evans, James M. Sheehan, Colin Hines and Fred L. Smith Jr.

Winter 1996

Forthcoming:

What future for the EU?	**March 1997**
The Minimum wage debate	**June 1997**
Economics of sport	**September 1997**
Defence economics	**December 1997**

Published four times a year
by Blackwell Publishers Limited,
108 Cowley Road,
Oxford OX4 1JF, UK and
350 Main Street, Malden, MA 02148, USA.
1997 Subscription prices are as follows
(Canadian customers/residents please add 7% for GST):

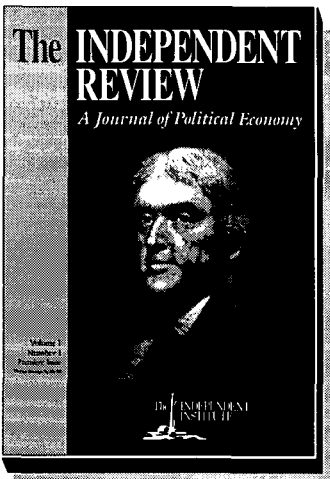
	Europe	N. America	Rest of World
Institutions	£50.00	US$87.00	£55.00
Individuals	£15.00	US$35.00	£20.00

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"The most exciting new intellectual journal in many years!" —WILLIAM NISKANEN, Chairman, Cato Institute

Transcending the all-too-common politicization and superficiality of public policy research and debate, *The INDEPENDENT REVIEW* is the interdisciplinary, quarterly journal devoted to political economy and the critical analysis of government policy. Edited by **Robert Higgs**, *The INDEPENDENT REVIEW* is superbly written, provocative, and based on solid scholarship.

Ranging across economics, political science, law, history, philosophy, sociology, and related fields, *The INDEPENDENT REVIEW* boldly challenges the politicization and bureaucratization of our world, featuring in-depth examinations of current policy questions by many of the world's outstanding scholars and policy experts. Undaunted and uncompromising, this is *the* journal that will pioneer future debate!



"The Independent Review is of great interest."
— C. VANN WOODWARD, Pulitzer Prize-Winner, Yale U.
"The Independent Review is distinctive in badly needed ways."
— LELAND YEAGER, Professor of Economics, Auburn Univ.
"The Independent Review is an exciting new journal."
— JOHN DIGGINS, Prof. of History, City U. of New York
". . . does not accept the pronouncements of government officials at face value, nor the conventional wisdom over serious public problems."
— JOHN MACARTHUR, Publisher, *Harper's Magazine*
"The Independent Review avoids faddish pyrotechnics while seeking objectivity and high standards."
— TIMUR KURAN, Prof. of Econ., U. of Southern California
"A great team, economic logic and tough analysis."
— BRUCE YANDLE, Former Executive Director, F.T.C.

In Recent Issues:

The Ambitious, Accomodative Adam Smith
— SALIM RASHID
Preventing Banking Crises in the Future
— GEORGE G. KAUFMAN
What is Living and What is Dead in Classical Liberalism?
— CHARLES K. ROWLEY
The End of Welfare and the Contradiction of Compassion
— STEPHEN T. ZILIAK
The International Monetary System in Retrospect
— LELAND B. YEAGER
The Origins of the War on Drugs, 1984-1989
— BRUCE L. BENSON AND DAVID W. RASMUSSEN
Culture, Politics, and McCarthyism
— IRVING LOUIS HOROWITZ
Market-Based Environmentalism and the Free Market
— ROY E. CORDATO AND PETER J. HILL
Why the Great Depression Lasted So Long and Why It Ended
— ROBERT HIGGS
The Case Against Psychiatric Coercion
— THOMAS S. SZASZ

- Feature Articles
- Book Reviews
- Special Features
- Figures and Tables
- 160 Pages per Issue
- March, June, Sept. & Dec.
- Annual Index
- Plus more . . .

Individual Subscriptions:
$27.95/1 year, $52.95/2 year
Institutional Subscriptions:
$49.95/1 year, $94.95/2 year
International orders:
Add $28/subscription shipping
California residents add sales tax

Order Toll-Free (U.S.)
800-927-8733
Phone: **510-632-1366**
Fax: **510-568-6040**
review@independent.org
http://www.independent.org

The INDEPENDENT INSTITUTE

Dept. 6K
134 Ninety-Eighth Avenue
Oakland, CA 94603 U.S.A.

Look for *The INDEPENDENT REVIEW* on better newsstands and in bookstores!

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

BACK ISSUES

For complete back issue list, visit our website at www.sevenbridgespress.com. Payment for back issues should be made by Visa or MasterCard (include account number and expiration date) or check or money order in U.S. dollars drawn on a U.S. bank. Student orders must be from student subscribers, or must be accompanied by copy of valid student ID.

Send back issue orders to: Business Office, CRITICAL REVIEW, P.O. Box 1254, Dept. 130, Danbury, CT 06813. Phone (203) 794–1312, fax (203) 794–1007, e-mail critrev@aol.com

vol. 6, no. 4, Fall 1992 — *$15 libraries, $10 individuals. N. S. Arnold* on market socialism, *R. Ashcraft* on liberalism and poverty, *J. M. Buchanan & D. I. Fand* on the Fed and the recession, *R. W. Garrison* on Keynes's social theory, *H. C. Mansfield* on rights in emergencies, *A. Nove* and *J. Friedman* on postlibertarianism, *R. A. Posner* on Morton Horwitz, *S. C. Schuster* on philosophical counseling.

vol. 7, no. 1, Winter 1993 — *$15 libraries, $10 individuals, $5 students. R. Beiner* on Rorty's liberalism, *M. Blaug* on Hayek, *R. J. Ellis, J. Friedman* on Cultural Theory, *L. Gallaway & R. Vedder* on income distribution in the 1980s, *R. A. Posner* on Rorty's politics.

vol. 7, nos. 2-3, Spring-Summer 1993 (the regulatory state) — *$30 libraries, $20 individuals, $10 students. S. Boehm & K. Farmer, P. Davidson, D. L. Prychitko, J. Runde, C. Torr* on Austrian and Post Keynesian economics, *J. W. Brock, G. Yago* on mergers in the 1980s, *W. N. Butos* on the recession from an Austrian perspective, *R. W. Crandall* on Cass Sunstein, *C. England* on the S & L crisis, *R. W. Garrison* on government in two recessions, *J. High* on responsive regulation, *S. Horwitz* on regulation and monetary disorder, *J. Rothenberg* on the search for safety, *A. J. Schwartz, G. Selgin* on central banking, *L. H. White* on banking regulation.

vol. 7, no. 4, Fall 1993 (the welfare state) — *$15 libraries, $10 individuals, $5 students. H. Demsetz, D. Miller, D. Schmidtz, H. R. Varian* on private provision of public goods, *D. G. Green* on medicine before the National Health Service, *J. T. Marmor* on welfare-state critics, *D. L. Prychitko* on Austrian welfare economics, *W. J. Samuels* on Robert Higgs, *A. Wolfe* on Marvin Olasky.

vol. 8, no. 1, Winter 1994 — *$15 libraries, $10 individuals, $5 students. D. L. Brooks, J. Friedman, W. W. Woolsey* on postlibertarianism; *K. Dowd* on central banking; *J. Friedman, I. Harris, R. Sassower & J. Agassi* on postmodernism; *R. Legutko* on John Gray; *R. E. Lloyd* on the origins of the FHA; *J. Segal* on Hayek and Oakeshott.

vol. 8, no. 2, Spring 1994 (communitarianism) — *$15 libraries, $10 individuals, $5 students. B. Almond* on Ronald Beiner; *R. Beiner* on Will Kymlicka; *J. Friedman* on the liberal-communitarian convergence; *J. Hudson* on Charles Murray; *W. Kymlicka* on Roberto M. Unger; *P. Rosenberg* on liberal nonneutrality; *P. Simpson* on the community/state distinction; *C. Taylor* on Will Kymlicka; *J. Tomasi* on Michael Sandel.

vol. 8, no. 3, Summer 1994 — *$15 libraries, $10 individuals, $5 students. T. L. Anderson, D. R. Leal, M. Sagoff, J. S. Shaw, J. Friedman* on free-market environmentalism; *R. Ashcraft, T. A. Horne* on Locke; *R. Bellamy* on Austrian economic morality; *L. Calhoun* on art and psychiatry; *D. A. Dombrowski* on Stephen R. L. Clark; *D. Felix, R. W. Garrison, G. Hill* on Keynes; *C.A.E. Goodhart* on free banking; *W. Shibles* on the good as the beautiful.

vol. 8, no. 4, Fall 1994 — *$15 libraries, $10 individuals, $5 students. C. Campbell, R.E. Lane* on consumerism; *J. Friedman* on the evolution of *Critical Review*; *G. Hodgson, S. Horwitz, C.P. Kindleberger, G. Selgin* on state control of money; *P. Rutland* on the USSR; *C.R. Sunstein* on regulation; *J.Q. Wilson* on wealth and happiness.

vol. 9, nos. 1–2, Winter–Spring 1995 (rational choice theory) — *$30 libraries, $20 individuals, $10 students. R. P. Abelson, D. Chong, D. Diermeier, J. Ferejohn & D. Satz, M. P. Fiorina, J. Friedman, D. P. Green & I. Shapiro, S. Kelley, R. E. Lane, S. Lohmann, J. B. Murphy, P. C. Ordeshook, N. Schofield, K. A. Shepsle, M. Taylor* on rational choice theory in political science.

vol. 9, no. 3, Summer 1995 — *$15 libraries, $10 individuals, $5 students. P. Abell* on worker self-management and postmodernism, *R. Beiner* on Foucault, *H.N. Goldstein* on junk bonds in the 1980s, *R. Higgs* vs. *W.J. Samuels* on coercion in society, *R.E. Lane* on researching happiness, *R. Legutko* vs. *P. Simpson* on community and libertarianism, *E. Neaman* on fascism, *M. Prisching* on Schumpeter, *P. Singer* on James Q. Wilson.

vol. 9, no. 4, Fall 1995 — *$15 libraries, $10 individuals, $5 students. Z. Bauman* on communitarianism and nationalism; *R. Beiner* on Charles Taylor; *F. Carstensen* on economic interventionism; *R. B. Edgerton* and *A. R. Maryanski* on human nature and the good society; *L. Greenfeld* on Marx, List, and Smith; *D. Kuspit* on culture and capitalism.

vol. 10, no. 1, Winter 1996 — *$15 libraries, $10 individuals, $5 students. T. Bender* on community and state, *J. Borchert* on welfare-state retrenchment, *F. Eidlin* on Popper's philosophy and politics, *J. Friedman* on public opinion and democracy, *C. L. Griswold, Jr.* on happiness, *G. Hill* on Keynesian economics and ethics, *E. R. A. N. Smith* on public opinion in America, *R. Weissberg* on the marketplace of ideas.

vol. 10, no. 2, Spring 1996 (nationalism) — *$15 libraries, $10 individuals, $5 students. J. Friedman* on communitarian nationalism, *L. Greenfeld* on nationalism as the modern religion, *J. T. Levy* on the multiculturalism of fear, *D. Tambini* on Ernest Gellner, *C. Tilly* on the state and nationalism, *M. Tyrrell* on the social psychology of nationalism, *E. Weber* on Eric Hobsbawm, *N. Xenos* and *B. Yack* on the myth of civic nationalism.

vol. 10, no. 3, Summer 1996 — *$15 libraries, $10 individuals, $5 students. W. Breckman & L. Tragardh* vs. *L. Greenfeld* on nationalism, individualism, and capitalism; *G. Hill* vs. *S. Horwitz* on Keynes and capitalism, *D. Schweickart* on David Ramsay Steele on socialism, *D. R. Steele* on market socialism.

LIBERTARIAN PAPERS.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Forthcoming in

Critical*Review*

David Johnston, Steven Lukes on Hayek's critique of social justice

Gus diZerega, Jeffrey Friedman, Ryszard Legutko on "spontaneous order"

Juliet Williams: Hayek and the rule of law

Dennis Wrong on cultural relativism

Steven Horwitz vs. Greg Hill on Keynesianism

special issue:
the libertarian revival

evolutionary psychology

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED